

Kentucky
Agricultural Experiment Station
University of Kentucky

FARM TAXES AND LOCAL GOVERNMENT IN
CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY

BULLETIN NO. 355



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FARM TAXES AND LOCAL GOVERNMENT IN CRITTENDEN AND LIVINGSTON COUNTIES, KENTUCKY

By Theodore B. Manny,¹ Bushrod W. Allin,¹
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Farmers, especially those who own their farms, have a definite interest in local government. The general property tax, which constitutes the most important source of revenue for the operation of local government, is predominantly a tax upon real estate. For many farmers, this tax constitutes the largest single cash expenditure during the year. The severe declines in prices of farm crops that occurred in the three years following 1929 were not accompanied by corresponding reductions in taxes levied against farm property. Hence, the burden of farm taxation increased markedly; and in many farming areas, tax delinquencies reached all-time highs. Nevertheless, the services which local government is expected to perform had to be maintained. Some of these services, poor relief in particular, had to be expanded during the depression years. The back-to-the-land movement increased the enrollment in many rural schools but did not increase school revenues correspondingly. Interest on local public debts, and principal, had to be paid if possible. As a result, many units of local government were adversely affected because revenues fell more rapidly than expenditures.

Agriculture is the principal industry in Kentucky. Almost 70 percent of the population in 1930 was classed as rural, two-thirds of which lived on farms, while in 107 of the 120 counties, this rural-farm group exceeded the number of persons living in incorporated places of 2,500 or more. As further evidence of the predominance of agriculture in Kentucky, spendable cash farm income in 1932 was greater than industrial income in 80 of the 120 counties.²

¹ Bureau of Agricultural Economics, U. S. Department of Agriculture.

² Sales Management: New York. Vol. XXXII. No. 8, pp. 378-9, April 10, 1933.

The tax problem in Kentucky is, therefore, intimately related to the farm problem. Recognition of this led the Kentucky Agricultural Experiment Station, in cooperation with the Bureau of Agricultural Economics of the United States Department of Agriculture, to undertake a study of county government in this State. To the latter organization, this study constitutes a part of its regular research program in farm taxation and local government, a program that has been in effect for several years.

Two rural counties in Western Kentucky, Crittenden and Livingston, were selected for study. There were several reasons for this selection. First, as judged by commonly-accepted standards, these counties seemed to be fairly well governed, and their county officials evidenced a willingness to cooperate with the field workers. In the second place, farm tax conditions and patterns of local government in these counties were believed to conform closely to those of many rural counties both in Kentucky and in other southern and southeastern States. Another reason for their selection was the growing need in such counties for sufficient revenues with which to continue even the minimum governmental services. Finally, these adjoining counties were selected in order that the probable savings thru consolidation might be appraised more accurately than would have been possible had other than contiguous areas been studied.

Farm leaders thruout the United States have sought for years to reduce farm taxes either by shifting a part of the burden from farm real estate to other tax bases or by slashing governmental expenditures. With increasing frequency, such efforts have brought forth the criticism that real opportunities to reduce farm taxes by modernizing and otherwise increasing the efficiency of rural local government are being overlooked. It is contended that present forms and methods of local government are outmoded; and that changes in conformity with 20th-century developments would result in lower taxes for present services or, as our systems now operate, furnish more services for present taxes. By means of field study in representative local areas it was hoped that possibilities for modernization and reorganization might be discovered which could be used as a

basis for developing a general program of taxation and governmental organization for rural counties.

METHOD AND SCOPE

Field work was carried on in the two counties during May and June, 1933. The first step was to assemble and summarize data concerning the counties' finances. These data included items of expenditures and revenues of general county government, of the school system, and of some of the fee offices. Statistics regarding the debt situation were obtained as accurately as the records would permit. Inadequate records retarded the work seriously, and in most instances (except the school systems) it was necessary to reclassify and summarize the accounts that were available. The resulting summaries, however, constitute a reasonably accurate analysis of conditions, methods, and policies prevailing at the time the field work was done. A new set of county officials has since assumed office in each county. These officials may have made changes which will meet some of the needs indicated in the present report, but no attempt was made to determine this by subsequent field work.

Assuming that no program involving social change can progress much in advance of the understanding and desires of the people directly affected, an effort was made to determine the attitude of local citizens toward their county government and also the extent of their participation therein. It was expected that this information might prove helpful in interpreting the data obtained from other local sources, and might indicate what changes in local government the citizens would be willing to accept and support. Personal interviews (using a definite schedule) were held with 162 farmers, half in each county, each of whom was asked to answer a series of questions concerning local government and its problems. In addition, a series of group-discussion meetings was held at convenient points thruout the two counties. Leading citizens representing farming, trade and commerce, mining, the professions, and homemaking, were invited to attend and to participate in a discussion of what they believed were the principal problems of county government. Approximately 300 persons attended the meetings. The results

of the individual interviews and discussion meetings comprise one section of this report.

HISTORY AND DESCRIPTION

Livingston County was organized in 1798 from a part of Christian County. Since its establishment, however, its size has been much reduced by the formation of additional counties, including Crittenden which was split off in 1842. At present, the two counties studied are practically identical in area, Livingston embracing 392 square miles and Crittenden 391.

The two counties extend along the Ohio River for more than 80 miles up-stream from the mouth of the Tennessee River. Livingston County has the Tennessee River as its southern boundary, while the Cumberland River divides it and also constitutes part of the boundary between Livingston and Crittenden Counties. Livingston leads all counties in the United States in the mileage of major navigable streams passing thru or bordering it. Large areas of bottom land adjoin these rivers. Moreover, the rivers have been a major deterrent to the building of both railways and arterial highways. Tolls for using either bridges or ferries are a serious check to the flow of highway traffic, particularly in Livingston County.

Excepting the bottom lands, the topography of both counties is generally hilly to broken, and there is a light top soil which erodes easily. The best farm land is found in the river bottoms and in the smaller valleys tributary to the major streams. Most of the soil was formed from a sandstone base, altho limestone soils occur to some extent in each county. Both counties were originally forested with hardwood timber, and considerable areas of each are more suited for timber and pasture than for any other use.

Population Trends. In 1930, the population of both counties was predominantly native white. There were only 3 foreign-born persons and 281 Negroes out of a total of 11,931 inhabitants in Crittenden County, and 5 foreign-born and 350 Negroes out of a total of 8,608 inhabitants in Livingston County. Each county reached its maximum population in 1900, Crittenden decreasing 21.5 percent by 1930 and Livingston, 24.2 percent. The Negro population declined much more rapidly during the same

period. Decreases in the number of farms, changes in type of farming, exhaustion of timber resources, declining volume of river traffic, which adversely affected several of the older trade centers situated on the rivers, and the pull of industrial centers upon the young folk all contributed to these population losses. Marion, with a population of 1,892 in 1930, is the largest town in either county and is the county seat of Crittenden County. The county seat of Livingston County, Smithland, had a population of 517 in 1930. There are several other villages in each county, but none of these had as many as 500 inhabitants in 1930. The populations of both counties probably have increased slightly since 1930 because of the return of the city unemployed to their former homes. The percent of illiteracy in Crittenden County was 6.2 in 1930, and in Livingston the corresponding percent was 6.8. Both these percentages are larger than in 1920, whereas the percentage for the State as a whole decreased markedly during the decade.

Industrial Development. Farming is the outstanding industry in both counties, in terms of numbers of persons gainfully employed, according to the 1930 census. (Table 1.) Many persons employed in most of the other industries are engaged primarily in supplying the wants of farm people. Fluor-spar mining ranks second in number of persons employed, but many of those engaged in this industry have only part-time work except during periods of unusually heavy production of steel, in the smelting of which fluor-spar serves as a flux. The majority gainfully employed in manufacturing are in the building trades, in small wood-working plants, and in automobile and other repair shops. There were no factories of any consequence in either county at the time the survey was made.

Farming in these two counties is, on the average, on a more extensive scale than in Kentucky as a whole. The average size of farms thruout the State was 81 acres in 1930, compared with 118 acres in Crittenden and 134 acres in Livingston. Moreover, 70.8 percent of all farms in Kentucky were under 100 acres each, whereas but 46.8 percent of the farms in Crittenden and 45.9 percent in Livingston were of this size. In 1930, self-sufficing farms were the most numerous single type in Livingston County and in Crittenden were exceeded numerically only

by the general farms. (Table 2.) As defined by the census, a self-sufficing farm is one on which "the value of farm products used by the family was 50 percent or more of the total value

Table 1. Number and Percent of Persons 10 Years Old and Over Reporting Gainful Occupations in Crittenden and Livingston Counties, in 1930.¹

Industry group	Crittenden County		Livingston County	
	Number	Percent	Number	Percent
Agriculture	2,494	60.3	2,076	70.2
Mining	592	14.3	248	8.4
Professional and personal service	323	7.8	192	6.5
Trade	247	6.0	126	4.3
Manufacturing	192	4.6	111	3.8
Transportation	183	4.4	147	5.0
Others and not specified	105	2.6	55	1.8
Total	4,136	100.0	2,955	100.0

¹ United States Department of Commerce, Bureau of the Census. Fifteenth Census of the United States: 1930. Population: V. 3, pt. 1, p. 938 and 943.

of all products of the farms."² Doubtless, many operators on these farms or members of their households were working at least part-time in other occupations, chiefly, mining. A majority of these self-sufficing farms, however, were under 100 acres in size, while the general and animal-specialty farms averaged considerably larger. The latter group (farms on which 40 percent or more of the total value of products was represented by animals or animal products) were relatively more frequent in both counties than in Kentucky as a whole, again emphasizing the extensive character of farming in the counties studied.

The average cash income from farming may be estimated in a rough way by subtracting the money values in the lower half of Table 2 from those in the corresponding positions in the upper half of the table. It must be kept in mind, however, that these data are for 1929, when agriculture was relatively prosperous compared with the depression years that followed. The average per-farm value in 1929 of all products sold, traded, or used by the operator's family in these counties, particularly in Crittenden, was somewhat below the State average of \$1,004 and decidedly below the national average of \$1,835. In counties

² United States Department of Commerce, Bureau of the Census. Fifteenth Census of the United States: 1930. Agriculture: V. 3, pt. 1, p. 3.

Table 2. Number of Farms Reporting and Average Value per Farm Reporting for Products Sold or Traded and for Farm Products Used by Operator's Family during 1929, in Kentucky as a whole and in Crittenden and Livingston Counties, Classified by Type of Farm.¹

Item, by type of farm	Kentucky		Crittenden County		Livingston County	
	Farms reporting Number	Value of prod- ucts per farm Dollars	Farms reporting Number	Value of prod- ucts per farm Dollars	Farms reporting Number	Value of prod- ucts per farm Dollars
All products sold, traded, or used by operator's family:						
General	46,982	1,055	481	824	282	849
Cash-grain	2,704	1,184	47	1,018	29	1,105
Cotton	575	1,299	.....	.....	.....	.....
Crop-specialty ²	65,552	1,240	84	799	48	858
Fruit	524	2,028	3	2,433	.....	.....
Truck	749	1,480	.....	.....	.....	.....
Dairy	5,892	2,047	69	860	4	1,096
Animal-specialty	11,620	2,517	168	1,377	275	1,899
Stock-ranch	392	3,788	.....	.....	15	1,660
Poultry	1,250	958	17	736	29	541
Self-sufficing	70,506	412	467	357	430	409
Abnormal ³	21,070	884	167	360	122	887
Total or average	227,816	1,004	1,503	698	1,234	943
Farm products used by operator's family:						
General	46,647	291	479	247	282	282
Cash-grain	2,199	213	37	208	26	219
Cotton	510	152	.....	.....	.....	.....
Crop-specialty ²	60,332	227	80	216	41	237
Fruit	502	234	3	208	.....	.....
Truck	714	240	.....	.....	.....	.....
Dairy	5,825	280	68	209	4	206
Animal-specialty	11,204	294	166	250	268	300
Stock-ranch	354	340	.....	.....	15	330
Poultry	1,220	206	16	208	27	147
Self-sufficing	70,506	290	467	229	430	271
Abnormal ³	20,264	259	160	178	117	205
Total or average	220,277	268	1,476	229	1,210	269

¹ United States Department of Commerce, Bureau of the Census. Fifteenth Census of the United States: 1930. Agriculture: Vol. III, pt. 2, p. 527-533. ² Mostly tobacco farms. ³ Mostly classed as part-time farms where outside work furnishes 150 or more days' wages per year or where operator reported some other occupation than farming and value of products from the farm did not exceed \$750 for the year.

such as Crittenden and Livingston, where agriculture accounts for the preponderant part of the tax base for the support of local government and where the incomes of farmers are low, there are almost certain to be difficulties in providing minimum governmental services even in fairly prosperous years.

GENERAL PATTERN OF COUNTY GOVERNMENT.

In Kentucky, the smallest unit of local self-government for general purposes in open-country areas is the county. Most trade centers are incorporated municipalities, variously called villages, towns, and cities. These incorporated places, however, remain subordinate to the counties in which they are located in most matters over which counties have power to act. Incorporated places usually maintain school systems that are independent of the county system. In counties where there are no large cities, the rural areas ordinarily exercise considerable influence in county governmental affairs. In Kentucky counties where there are large urban centers (depending somewhat upon the way in which the county is divided into magisterial districts or how the county commissioners are elected) urban leadership may predominate. This latter situation does not obtain, however, in Crittenden and Livingston Counties, despite opinions expressed by a few farmers that town politicians were dominating their local governments.

The foregoing scheme of local government is common throughout the South and the far West tho with numerous variations in names and functions of county officials, terms of office, and so on. In the North Central States and in New Jersey, New York and Pennsylvania, another unit of local self-government called the township or town, subordinate to the county, is commonly found in rural areas. Its chief functions are road maintenance and poor relief. In a few states, assessments are made and taxes collected by township officials. Incorporated cities are often independent of township government, whereas villages are usually subordinate to townships.

In New England, a third form of local self-government is found in rural areas. Trade centers and the surrounding countryside are organized as a single unit of local self-government, the town. Ordinarily, centers of population are not in-

incorporated as separate municipalities until they become highly urbanized. In New England, towns exercise most of the local self-government functions possessed by both counties and incorporated places elsewhere, and in many respects New England towns have more freedom of self-determination than is accorded to counties in Kentucky. New England counties serve mainly for judicial and state administrative purposes and, compared with its towns in the same States, these counties possess meager powers of local self-government.

A diagram of the organization of county government in Crittenden County is given in Chart 1. A corresponding diagram for Livingston County would be substantially the same except that the office of county surveyor would be vacant, and the numbers of magisterial districts, school sub-districts, and road districts would be somewhat different. The most striking thing about this diagram of county government is the lack of any centralized authority over or any coordination among the several county offices, boards, and commissions. Such cooperation as exists is due largely to the attitude of those holding office at any particular time rather than to any legal requirements.

Candidates for the county attorney's office must have had two years' experience as practicing attorneys and those seeking the office of county tax commissioner (tax assessor) are required to pass an examination given by the State Tax Commission. A sheriff cannot succeed himself in office. Lack of specific qualifications for most of the offices, coupled with the ease of getting one's name on the primary ballots, causes many candidates to run for office, especially in years when other jobs are scarce. For example, in the primaries of 1933, there were 13 aspirants for the jailer's office in Livingston County and 12 in Crittenden. The offices of county judge and sheriff were also much sought after. A simple plurality of the votes cast decides the winners in primary elections and, with numerous candidates running for a single office, the one receiving the highest vote may have actually obtained the support of but a small minority of the voters of his party. The real value of the direct primary as a mechanism to aid in the selection of outstanding candidates seems open to question under these circumstances.

The fiscal court, composed of the magistrates and the county

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judge, is the chief executive authority of the county. It also exercises the legislative and tax-levying functions. It may meet as often as it desires and the court may be called into special session either by the county judge or by the majority of the magistrates. Ordinarily, monthly meetings are held in these counties. The fiscal court is supposed to adopt and operate a budget for the year's spending program; but once adopted, in past years, it appears to have been largely forgotten. The fiscal court may and often does delegate much of its spending authority to the individual magistrates, allotting each a certain portion of the total revenues to be spent. The magistrates receive an allowance of six dollars for each day they serve on the fiscal court, and in one county the magistrates customarily vote themselves a similar per diem for serving as road and bridge commissioners in their respective districts.

The county judge really occupies a more responsible position than the diagram indicates. In some respects, when an able leader holds the position, this office in Kentucky is something akin to that of a county manager. In addition to his duties as judge of the county court, the quarterly court, the probate court, the juvenile court, and the fiscal court, the latter may order the county judge to serve as county road engineer, county poor-relief administrator, county purchasing agent, and in other capacities. Recent State legislation strengthened the county budget law by delegating to the county judge extra budgetary administrative powers. Too much of the present centralization of power in the county judge's office, however, depends upon the personality and leadership of the county judge. This tendency toward centralization may be nullified by a fiscal court whose membership prefers a maximum decentralization of administrative authority.

In each county, the sheriff serves as tax collector. He also serves as peace officer, attends court sessions, serves writs, and performs other duties common to his office. In Crittenden and Livingston Counties, most of the income of the sheriff's office is received for tax collecting. The county clerk, in addition to his functions as recorder and custodian of records, also serves as clerk of the fiscal, county, quarterly, and probate courts, as secretary to the county (review) board of tax supervisors, pre-

pare the tax bills from the assessment rolls, and issues various state and local licenses.

The county tax commissioner formerly was called the county assessor. The latter term aptly describes the chief duty of this official, since yearly assessments of all personal and real property are made by the county tax commissioner. In addition to making the annual assessments of property, the tax commissioner works with the county board of tax supervisors which reviews all assessments. Practically all the county tax commissioner's salary is paid by the State. Thus, in a sense, this is a state rather than a county office.

The jailer's chief function is indicated by his title. In addition, however, he serves as custodian of public property (largely a janitor service usually performed by prisoners but for which the jailer receives some compensation), and attends the sessions of the fiscal and other courts presided over by the county judge. The other county officials perform the tasks indicated by their respective titles.

STATE CONTROL OVER LOCAL ADMINISTRATION.

The administration of county government in Kentucky, as in most States, is determined in large measure by constitutional and statutory provisions. Constitutional provisions begin with setting a maximum rate of 50 cents which counties may levy for general county purposes. But the administrative or overhead costs of county government, in general, are greater relatively in counties of sparse population and small wealth. County officials are chosen for the same offices, and the pattern of government is practically the same in both Elliott and Jefferson Counties (the poorest and wealthiest counties, respectively, in Kentucky.) The 50-cent rate yields approximately \$6,000 per year in Elliott and \$2,450,000 in Jefferson. Out of the first-named sum, Elliott County is expected to pay the salaries of approximately the same number of elective officials as Jefferson County, to feed and maintain its prisoners, to care for paupers, and to pay the cost of two or more county-wide elections each year. This limitation of the tax rate plus statutory requirements for certain expenditures has forced many counties to become indebted for current operating expenses. At the same time,

wealthier counties, such as Jefferson and Fayette, find this rate sufficient for road construction and maintenance without levying a special road tax over and above the tax for general county purposes.

The State constitution sets debt limitations for counties and for other subdivisions of government. But of most significance in the prevailing county debt situation is a constitutional amendment which permits counties to incur additional debts for roads and to levy an additional tax of 20 cents per \$100 of the assessed valuation of property to pay interest on and retire such road debts. A large proportion of the outstanding debts of the counties has been incurred for road construction. Funds realized from the sale of road bonds have been turned over largely to the State Highway Commission to carry out the road-building projects determined by this body. The funded debt in both Crittenden and Livingston Counties is mostly of this type. Expenditures for road construction by the State Highway Department in these counties have not yet exhausted the funds contributed by these counties from the sale of their highway bonds.

One statute requires that interest rates on all county warrants shall be six percent. Warrants at their best are nothing more than short-term notes; at their worst, they constitute a forced loan from the county's creditors, many of whom are not able to extend such credit. In selling their warrants, such creditors often have to take a considerable discount below the face value. Probably many counties could dispose of their warrants satisfactorily at rates less than six percent, if legally permitted to do so, and others, if the rate were somewhat higher, would probably not be penalized so greatly by discounting their warrant issues.

An important expense incurred by reason of statutory requirements is the payment made to the sheriff for collecting taxes. For the first \$5,000 which he collects (the easiest to collect, incidentally) he receives 10 percent, and on the remainder of the general county fund he receives 4 percent. For collecting the special road levy and the school taxes, he receives a commission of one percent.

The purchase of rights of way for state highways with

county funds is required by state law. Such expenditures in Crittenden County amounted to \$4,144.39 from April 1, 1932, to March 31, 1933, and \$2,078.75 in Livingston County from February 12, 1932, to April 3, 1933. Part of the floating debt in each county was created thru the issuance of county warrants in payment for rights of way for state highways.

Kentucky is one of the last states to indulge in the luxury of both state-wide primaries and general elections each year. These are required by state law, but at county expense. Ease of primary nomination is a contributing factor to the high cost of elections, since anyone may be nominated to run for office upon the payment of a filing fee of one dollar, and the submission of a petition signed by two legal voters. Statutory control of election procedure extends to indicating the color and texture of paper used for ballots and other minute details that add to the expense of elections.

Another large expense incurred by counties as required by statute is that of boarding and caring for prisoners in county jails. The amount to be paid to the jailer is set by law at a figure sufficiently liberal to make this office one of the most sought-after in a majority of the counties. In addition, in many counties, the jailer has free use of living quarters for himself and his family, and in some instances electricity, fuel, and water are furnished at county expense.

The clerk of the circuit court is to all intents and purposes a state official tho the office is filled by popular election in each county. The 1932 session of the State Legislature, apparently convinced that this official was not receiving sufficient remuneration from fees, especially in the rural counties, passed a law creating the position of county law librarian in each county, the place to be filled by the clerk of the circuit court, and required that a salary of \$20 per month be paid out of county funds for these services.

Other instances of county expenditures made as required by state statutes could be cited, but sufficient examples have been given to show that county expenditures are controlled to a considerable extent by state law. In fact, it seems not too much to say that county officials are so controlled by state law that they have much less opportunity to exercise intelligent and ag-

gressive authority in handling county finances than is popularly supposed.

ASSESSMENTS AND TAX RATES.

Under the prevailing tax system, the variety and quality of governmental services which local communities can afford are dependent upon the amount of taxable wealth and its earning power. Thus, in a study of the organization and functioning of local government, it is necessary to consider both the amount and forms of taxable property within the units studied, as well as tax rates.

In 1932, the assessed value of all forms of property in Livingston County was \$3,868,157. In Crittenden County, the corresponding total was \$5,863,767.* The chief types of property included, with the total assessed value of each type for the two counties, are as follows:

Type of property	Crittenden County	Livingston County
Real estate (except that owned by public utilities)	\$3,223,915	\$2,196,262
Tangible personal property	872,485	410,470
Bank deposits	703,277	559,862
Intangible personal property	431,490	374,707
Public utilities	632,600	326,856
Total	\$5,863,767	\$3,868,157

The amounts shown are gross assessments and because of the operation of the classified property tax law are not the assessments actually subject to taxation either for State or county purposes. These totals are much less than the corresponding 1920 gross assessments which were \$8,885,785 in Crittenden and \$5,588,150 in Livingston. Moreover, the 34 percent decrease in Crittenden and the 31 percent decrease in Livingston during these 12 years stand out in marked contrast to a 19 percent increase in Kentucky as a whole.

The classified property tax law referred to in the preceding paragraph, was adopted in Kentucky in 1917 and under its provisions several major forms of property were made subject only to state taxation at low rates; and a householder's exemp-

* These totals are for property assessed locally as of July 1, 1932, plus public utility property assessed by the State Tax Commission as of January 1, 1932.

tion of \$250 was allowed, presumably to apply to household personal property. This exemption, however, is commonly extended to include any form of personal property owned by the person assessed for taxes. Bank deposits are subject only to a state tax of 10 cents per \$100. Livestock are taxable only by the State, at 50 cents per \$100 of assessed value. Bank shares are taxed at low rates by both State and county. Agricultural products in the possession of farmers are taxable only by the county at a rate of 15 cents per \$100 assessed value, but none was assessed in 1932 in either county. Property not subject to state taxation amounted to \$340,590 in Crittenden County and \$167,360 in Livingston. On the other hand, property exempt from county taxes was assessed at \$1,730,447 in Crittenden and \$1,167,433 in Livingston the same year. These exemptions represent a significant proportion of the taxable wealth of these counties which might otherwise be available for local taxation.

The classified property tax law was heralded as a measure of distinct tax relief for Kentucky farmers, when adopted, but even in Crittenden and Livingston Counties where agriculture predominates as an industry, the exemptions permitted removed considerably larger values of non-agricultural property than of agricultural property from the total subject to local taxation. In other words, under this law, Kentucky farmers were exempted from paying taxes on much smaller valuations than was true of other property owners, and the result was the placing of a relatively greater tax burden upon agriculture.

The proportions of the several types of property in these two counties are strikingly different from those in the State as a whole. Real estate used for farming and mining, for example, represented 22 percent of all taxable wealth in the State in 1932, whereas in Crittenden and Livingston Counties the percents were 62 and 69, respectively. Town real estate represented 24 percent of all assessed values in Kentucky, 16 percent in Crittenden, and only 10 percent in Livingston. Moreover, in the State as a whole, the value of town real estate increased almost two-thirds between 1920 and 1932 in contrast with declines of 11 percent in Livingston and 18 percent in Crittenden.

This brief analysis of assessments since 1920 indicates that

Table 3. Trends in Assessments of all Forms of Property Subject to County Taxation for General Purposes in Crittenden and Livingston Counties, in Specified Years, 1910 to 1932.¹

Tax year	Crittenden County			Livingston County		
	Real and personal property	Public utility property and franchises	Total	Real and personal property	Public utility property and franchises	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1910	3,183,616	343,923	3,526,839	2,907,284	117,798	3,025,082
1915	3,645,830	411,454	4,057,284	3,171,913	130,349	3,302,262
1920	6,543,420	321,629	6,865,049	4,513,505	157,541	4,671,046
1925	5,672,534	644,802	6,317,336	3,476,037	153,934	3,629,971
1930	5,040,967	648,281	5,689,248	3,478,290	262,790	3,741,080
1931	4,606,635	670,240	5,276,875	3,195,330	339,363	3,534,693
1932	4,093,145	632,636	4,725,781	 ²	 ²	 ²

¹ Data from "sheriff's settlement" records on file in county clerk's office. ² Comparable data not recorded in county clerk's office.

the most important types of property in the two counties surveyed are not the types that increased most rapidly in value. Rather, these counties have high percentages of those types of taxable wealth which either increased least in value or decreased most. Thus the trends in assessed values in the two counties are largely the opposite of trends in Kentucky as a whole.

The preceding paragraphs deal with total assessments within the counties studied, not the assessments over which county governments exercise the right to levy taxes. In a study of county government, the latter valuations are important because the rates applied to these determine the number of tax dollars that the county can collect for its own work. These data for Crittenden and Livingston Counties, for every fifth year from 1910 to 1930 and for 1931, appear in Table 3. The trends in assessed valuations subject to county taxation are similar to those previously pointed out. Practically all county revenues raised by local taxation are derived from these assessments except a relatively small amount which is obtained from poll taxes assessed against all males from 21 to 69 years, inclusive.

VARIATIONS IN ASSESSMENTS WITHIN THE COUNTIES.

A comparison of the total assessed valuations of real and personal property in 1920 with those in 1932, by magisterial districts, shows some marked variations. Maximum decreases of 49.8 percent in the total assessed value of real estate and 91.5 percent in the total assessed value of personal property in certain districts compared with a maximum increase of 5.7 percent in the value of real estate and a minimum decrease of 11.5 percent in the value of personal property in two other districts, seem rather large. Further comparisons of this nature can be seen in Table 4.

Another difference between magisterial districts in these counties was noted when average values of farm land per acre reported by the 1930 census were compared with average assessed values of farm land per acre in 1930. Here, again, marked differences were observable between several magisterial districts. (Table 5.) Some of these discrepancies may have been the result of errors made by census enumerators, but it is

doubtful that all of the differences can be explained in this way. These conditions suggest the need of a scientific study of local assessment practices in the two counties.

Incorporated towns and cities in Kentucky are required to make independent assessments whenever they levy taxes on property within their bounds. A comparison of the assessments of 127 typical properties in the town of Marion, made by the town assessor and by the Crittenden County tax commissioner, in 1931 and 1932, shows that the assessments made by the former

Table 4. 1932 Assessed Valuations of Real and Personal Property in Crittenden and Livingston Counties, by Magisterial Districts, Expressed as Percents of the 1920 Assessed Valuations of the Same Classes of Property.¹

Magisterial district numbers	Crittenden County		Livingston County	
	Real estate	Personal Property	Real estate	Personal Property
	Percent	Percent	Percent	Percent
1	73.2	80.6	73.1	72.6
2	67.0	25.5	63.4	31.6
3	105.7	12.6	81.3	88.5
4	68.6	16.1	60.7	20.4
5	60.6	8.5	66.8	44.2
6	67.1	18.8	50.2	12.2
7	60.5	36.8	60.0	20.7
8	53.1	14.4	.....	.....

¹ Computed from the records of the county tax commissioners on file in the county clerks' offices.

Table 5. Assessed Values of Farm Land per Acre in 1930 Expressed as Percents of 1930 Census Values, for Crittenden and Livingston Counties, by Magisterial Districts.¹

Magisterial district number	Crittenden County	Livingston County
	Percent	Percent
1	70.8	69.5
2	66.1	60.6
3	68.5	66.6
4	64.0	47.0
5	53.3	46.9
6	52.0	102.0
7	83.2	53.7
8	59.7	.....

¹ Census data computed from Bureau of the Census, Agriculture, 1930: V. 1, p. 233 and 237. Tax data computed from the records of the county tax commissioners. Percentages in this table were computed from these data.

average about 5 percent higher, on this group of properties, than the assessments made by the latter. This is further evidence of the need of more study in the field of assessments.

TAX RATES.

Tax rates levied in 1932 in both counties were the same as in 1930. (Table 6.) Comparison between rates in earlier and later years is complicated to some extent by the adoption, in 1917, of the classified property tax, previously mentioned, which prescribed differential rates for various classes of property, and established numerous exemptions. However, as the larger part of the total assessments in these counties since 1910 was upon real property, these changes do not seriously obscure the trends in taxation because they do not apply to real property to any extent. The total rates in Table 6 apply in all years to all real property in the counties, except that the county common school levy does not apply to property within independent graded and high-school districts. In the latter, and in a few special high-school districts where elementary schools have remained a part of the county school system, somewhat higher tax rates for schools have prevailed. Municipal taxes have been levied in incorporated towns. For example, the total tax rate in the town of Marion, in 1932, was \$4.25 per \$100 of the assessed value of real property, exclusive of special assessments.

The trend of tax rates, especially school levies, in these two counties has been definitely upward since 1910. Increased enrollments, longer school terms, better high-school facilities, and other improvements were the results of the higher school-tax rates. The quality of service rendered has thus gone up considerably and the present school tax rates are relatively low as compared with many other areas.

The state rate appears to have gone down, but the special road bond levies in both counties are in effect state taxes for the building of state highways. County officials thought that they had to issue bonds in order to obtain their counties' share of hard-surfaced state roads, the subsequent maintenance of which was to be a state charge. This method of financing highway construction was resorted to because of constitutional prohibitions against state bond issues. The county levies for gen-

Table 6. Tax Rates Levied Against Property in Crittenden and Livingston Counties, in Specified Years, 1910 to 1930.¹

Year, levy, and purpose	Tax rate per \$100 assessed valuation	
	Crittenden County	Livingston County
	Dollars	Dollars
1910: State	.550	.550
County, general fund	.400	.275
County, road fund	² .150	.150
County, common-school fund ³	.180	.180
Total	1.130	1.155
1915: State	.550	.550
County, general fund	.500	.300
County, road fund	² .150	.150
County, special road-bond fund....	.200	.200
County, common-school fund ³ ..	.200	.200
Total	1.250	1.400
1920: State	.400	.400
County, general fund	.500	.350
County, road fund	² .150	.150
County, special road-bond fund....	.200	.200
County, special court-house fund	.150	....
County, common-school fund ³	.500	.500
Total	1.750	1.600
1925: State	.300	.300
County, general fund	.500	.375
County, road fund	² .150	.150
County, special road-bond fund....	.200	.200
County, common-school fund ³	.500	.500
Total	1.500	1.500
1930: State	.300	.300
County, general fund	.500	.500
County, special road-bond fund....	.200	.200
County, common-school fund ³	.750	.750
Total	1.750	1.750

¹ From sheriff's settlement statements on file in county clerk's offices. Not all these levies apply to all classes of property assessed for taxes, but all apply to real estate except that located outside the area included by the county school system. ² Not reported as a separate levy in Crittenden County, but is in general fund. ³ Applies to all property in the area covered by the county school system. ⁴ Bank shares subject to a levy of \$.200 only, for county general fund. ⁵ Bank shares subject to a levy of \$.400 only, for common-school fund. ⁶ Bank shares subject to a levy of \$.200 only, and farm crops to a levy of \$.150 only, for county general fund.

eral purposes and for local roads have risen very little during the entire period since 1910.

In addition to the foregoing levies against property, an annual poll tax of \$1.50 has been levied for general county purposes against each adult male under 70 years of age, in both counties; and school districts (both the county system and the independent districts) usually have levied poll taxes of 75 cents to a dollar against the same persons. Many men, however, especially those owning no real estate, fail to pay their poll taxes and little seems to have been done to force collections.

All able-bodied males, 18 to 50 years of age, living outside of municipal taxing units, are supposed to work a minimum of six days per year on the local roads. If uniformly enforced with a reasonable amount of work required from each of these road hands, a large amount of road labor would be available each year. The law, however, is enforced but feebly and sporadically. Men living along the paved highways, who pay no higher tax rate than those not living on such roads, often are not called out to work at all, and many others, on the side roads, persistently fail to give as much time as the law stipulates. The fiscal court may permit persons who are supposed to work on the roads to pay a certain sum of money in lieu of such work, the money to be spent on the road where the work is to be done. The recent shortage of cash has caused this alternative to lose its appeal, and the use of power-driven road-graders makes the use of much unskilled labor impractical and unnecessary on roads where heavy machinery can be used advantageously.

BURDEN OF TAXATION

The amount of property tax charged to any owner is determined by two factors, namely, the assessed valuation placed upon his property and the rate levied against it. Theoretically, the burden of a tax on property is the relationship between the number of tax dollars collected and the value of and income from the property. To determine this burden, however, is not simple because the ratios between the tax and current income ascribable to property, the current market value of the property, and the assessed valuation placed upon the property, do not remain constant. The task would involve research far be-

yond the scope of the present study. All that is possible in this survey, therefore, is the inclusion of a few bits of information which shed some light on the subject. Tax rates levied against farm real estate in Crittenden and Livingston Counties, when computed on the basis of census valuations, were a little below the United States average and somewhat above the corresponding average for Kentucky. (Table 7.) However, real estate taxes reported paid by farmers of the two counties, computed per farm or per acre, were somewhat below the corresponding averages for Kentucky and only one-third as large as the averages for the United States as a whole.

Incidentally, for the two counties studied, the data in Table 7 also give some clue as to the relation between assessed and census values. The tax rate applying to almost all farms in both counties (except those in special school-tax districts where rates were somewhat higher) was \$1.75 per \$100 assessed valuation. The actual rate, based on census values of land and buildings, was \$1.20 in Crittenden and \$1.14 in Livingston. This indicates that assessed values averaged approximately two-thirds of the 1930 census values. Furthermore, since the two counties show almost the same tax rate, based on census values, whatever divergence there may have been between census valuations of land and buildings and true values, was practically the same for the two counties, at least as between the averages.

The ratios between farm real-estate taxes per farm and the per-farm value of farm products sold or traded, in Crittenden and Livingston Counties, compared with state and national averages, indicate that tax payments of farmers in these two counties were not seriously out of line with the averages of the larger areas. (Table 8.) These data were computed from the 1930 census and, altho they include only part of the farms, the sample is sufficiently large to warrant their use in this connection. However, per-farm values of farm products sold or traded (a rough approximation of gross cash farm income) in both counties were somewhat below the corresponding state average and much below the average of the United States, according to these census data. A given proportion of such income going for taxes from low-income farms probably constitutes a more burdensome payment than would the same proportion going for

Table 7. Real Estate Tax per \$100 of Value of Land and Buildings, Average Real-estate Tax per Farm, and Average Real-estate Tax per Acre in 1929, Average Value of Land and Buildings per Farm and Average Size of Farms as of April 1, 1930, for Farms Operated by Full Owners Who Reported Real-estate Taxes, in the Entire United States, in Kentucky, and in Crittenden and Livingston Counties.¹

Item	United States	Kentucky	Crittenden County	Livingston County
Real-estate tax per \$100 of value of land and buildings, dollars	1.26	.96	1.20	1.14
Average real-estate tax per farm, dollars	90.07	32.84	24.68	27.39
Average real-estate tax per acre, dollars	.74	.37	.22	.21
Average value of land and buildings per farm, dollars	7,164.88	3,432.53	2,059.20	2,400.44
Average size of farm, acres	121	88	114	129

¹ United States Department of Commerce, Bureau of the Census. Fifteenth Census of the United States: 1930. Agriculture: V. 2, pt. 2, p. 46, 851 and 853. The data include 32.1 percent of all farms in the United States, 33.7 percent of those in Kentucky, 46.3 percent of those in Crittenden County, and 26.6 percent of those in Livingston County.

Table 8. Average Per-farm Value of Farm Products Sold or Traded, Average Real-estate Tax per Farm, and Percentage that the Real-estate Tax is of the Value of Produce Sold or Traded, for the United States, Kentucky, and Crittenden and Livingston Counties, 1929.

Item	United States	Kentucky	Crittenden County	Livingston County
Average value of farm products sold or traded, per farm, ¹ dollars	1,585.44	735.42	468.26	674.23
Average real-estate tax per farm, ² dollars	90.07	32.84	24.68	27.39
Proportion which real-estate tax is of value of farm products sold or traded, percent.....	5.7	4.5	5.3	4.1

¹ Computed from Fifteenth Census of the United States, Agriculture: 1930, V. 3, pt. 2, p. 24, 30, 527 and 533. ² Computed from Fifteenth Census of the United States, Agriculture: 1930, V. 2, pt. 2, p. 46, 851 and 853. See text for statement of validity of this comparison.

taxes from high-income farms. The severe decline in prices of farm products that occurred thruout the United States in the 3 years following 1929 (the year covered by the census data on farm incomes) was not accompanied by a like reduction in the number of tax dollars collected from farmers. Hence, farm taxes were much more burdensome in 1933 than in 1929. Another evidence of the burden of farm taxes is seen in tax-delinquency trends for farm real-estate. Altho farm-tax delinquency increased somewhat in these counties from 1929 to 1933, the increase was far less than in many other farming areas.

From the foregoing evidence, it does not appear that farm taxes in Crittenden and Livingston Counties are seriously out of line with those prevailing in farming areas generally. If anything, the farm real-estate tax in these counties, as related to farm real-estate values, seems to be less burdensome than it is in many other areas where farm land values are higher. Farmers in Crittenden and Livingston Counties suffer much more from very low incomes than they do from excessive real-estate taxes expressed as a proportion of their farm incomes.

In concluding this section dealing with taxable wealth and tax rates, it may be stated that inadequate local tax resources go a long way in explaining financial difficulties of county governments in Kentucky. The exemption of the bulk of personal property from county taxation is a major contributing factor in reducing the tax base available to these units of government.

EXPENDITURES, REVENUES, AND DEBTS

Inadequacy of Existing Records. Summarizing data on expenditures, revenues, and debts in the two counties proved a most difficult and time-consuming process because of inadequate and poorly-kept records. For example, in each county, it was necessary to classify each warrant from the stubs in the warrant book in order to get even a partial classification of general county and road expenditures. A record of payments made in cash or by check, without the issuance of warrants was obtained from the county treasurer's office. School expenditures were summarized from the reports of the State Department of Edu-

cation, these being in sufficient detail to serve the purposes of the study.

Data relating to revenues from local taxes (and commissions deducted for collecting taxes) were obtained either from the tax collector's records or from the tax collector's annual settlement statements recorded in the county clerk's office. Information concerning other revenues, such as interest on sinking funds, and payments from the State to the county, was obtained from the county treasurer and the county school treasurer. As in the case of expenditures, some of the revenue records were inadequate.

While the foregoing statements apply equally well to both counties, in Crittenden County, the records were in such shape that data for three comparable 12-month fiscal periods could be summarized with reasonable accuracy. In other words, the records which were kept, tho poorly organized and coordinated, could be audited.

The situation in Livingston County, on the other hand, was greatly complicated by three difficulties, not encountered in Crittenden County. The first was that the records in the sheriff's office, which were for both the tax collector and county treasurer, were incomplete and out of balance. The second was that outstanding warrants were not called for payment in chronological order, but at the will of the county officials. This and other difficulties rendered impossible the determination of the exact amount of warrants outstanding. The third difficulty was that some county expenditures which ordinarily would be made by the issuance of warrants, were settled by crediting the individuals' tax bills with the amounts due from the county. As a result of such complications it was impossible to get records for three 12-month fiscal periods. Instead, the best that could be done was to summarize the data for two 12-month periods ending February 11, 1931, and February 11, 1932, and for one period of approximately 14 months, from February 12, 1932, to April 3, 1933.

No analysis of the revenues and official disbursements of the fee offices is here attempted. Fee offices are viewed locally as the personal property of the incumbents, and inquiries concerning the financing of the fee offices appear therefore to con-

Table 9. Classified Disbursements of County Funds (except school funds) in Crittenden and Livingston Counties, During Specified Fiscal Periods, 1930 to 1933.¹

Major type of disbursement	Disbursements between specified dates in—							
	Crittenden County				Livingston County			
	Apr. 1, 1930 to Mar. 31, '31 Dollars	Apr. 1, 1931 to Mar. 31, '32 Dollars	Apr. 1, 1932 to Mar. 31, '33 Dollars	Feb. 12, 1930 to Feb. 11, '31 Dollars	Feb. 12, 1931 to Feb. 11, '32 Dollars	Feb. 12, 1932 to Apr. 3, '33 ² Dollars		
Governmental-cost payments:								
Protection and correction:								
Salaries and fees paid by county ³	2,473.87	2,608.95	2,467.06	2,768.54	2,926.56	5,326.19		
Fuel and supplies for jail	239.84	255.41	172.86					
Total for protection	2,713.71	2,864.36	2,639.92	2,768.54	2,926.56	5,326.19		
Roads and bridges:								
Rights of way purchased	117.89	1,728.86	4,144.39	30.00	512.65	2,078.75		
New equipment	22.00	3,088.77	559.18	38.79	3,143.20			
Labor, materials, fuel, etc.	10,136.57	7,182.38	6,349.30	4,953.27	3,912.19	6,451.05		
To State Highway Department ⁴	45,000.00							
Total for roads and bridges	55,276.46	12,000.01	11,052.87	5,022.06	7,568.04	8,529.80		
Health: Salary and expense of health officer and vital statistics reports. Total	645.20	633.93	588.48	444.50	362.83	572.13		
Poor Relief: Total	6,176.10	6,448.98	7,196.95	5,434.70	5,870.52	6,789.82		
Aids to agriculture. ⁶ Total	75.00	100.00	425.00	166.70	5.00	328.74		
Other administrative offices and activities: Salaries and per diem allowances ⁷	6,570.46	6,541.15	6,396.89	5,051.77	4,833.51	5,492.33		

Circuit court costs paid by county	234.57	1,71.67	519.15	353.51	608.01	233.29
Election costs	1,806.65	1,994.19	2,134.50	1,123.72	1,053.06	1,249.91
Miscellaneous	730.49	544.51	774.68	1,503.64	863.60	755.10
Total other activities	9,332.17	9,351.52	9,825.22	8,034.64	7,358.18	7,730.63
Interest on bonded and floating debt. Total..	14,867.51	15,015.55	16,770.19	11,160.32	11,111.59	11,752.29
Miscellaneous expenditure. Total	2,710.95	2,620.78	1,843.74	3,490.21	2,319.08	2,478.41
Total governmental-cost payments	91,797.10	49,035.13	50,342.37	36,521.67	37,521.80	43,508.01
Non-governmental-cost payments:						
Reduction of outstanding indebtedness	12,500.00	.....	5,000.00	.....	.....	.....
Refunds	.13	6.58	3.81	.....	78.66	39.84
Total non-governmental-cost payments	12,500.13	6.58	5,003.81	.....	78.66	39.84
Total disbursements	104,297.23	49,041.71	55,346.18	36,521.67	37,600.46	43,547.85

¹ Data are from various county offices. ² Records were in such condition that it was impossible to get uniform 12-month periods. ³ Includes county funds paid to sheriff and jailer and their deputies. ⁴ Not classifiable in the records. Probably included for the most part under the "miscellaneous expenditures". ⁵ Proceeds of a road bond issue representing county's contribution toward the cost of arterial highways in this county. ⁶ Part of salary of county agricultural agent in most recent period, and payments to veterinarian in all three periods in both counties. ⁷ Includes county funds paid to county judge, county clerk, magistrates, county attorney, custodian of public property (currently the jailer in both counties), tax collector (sheriff most of the time), and members of the board of tax supervisors. Most of these officials received additional income from fees collected directly from individuals for specific services. Magistrates in Crittenden County also received additional per diem as road and bridge commissioners in their respective districts, but this item was not listed separately in Livingston County.

stitute an intrusion into private affairs. Some evidence was obtained concerning a few of these offices which is used as the basis for a suggestion later in the study.

School finances are discussed separately from other county finances because, in prevailing administrative practice, this separation is the rule. Moreover, the financial condition of the county school systems of both counties, at the time of the survey, was much less critical than was true of general county finances.

County Expenditures. The total cost of county government in Crittenden County (excluding schools) for the 12 months ending March 31, 1933, was \$50,342.37. (Table 9.) Of this amount, 33.3 percent went for interest on debts; 22.0 percent was spent on roads and bridges; 14.3 percent was for poor relief; and 5.2 percent was for protection. The remaining expenditures, including general administrative costs and the salaries of most of the elective officials, amounted to 25.2 percent of the total. The proportions for the preceding 12-month period were not significantly different. In addition to the foregoing, \$5,000 was paid for maturing bonds; an item not of current cost in local government, but a cost incurred when the borrowed funds were expended.

The total cost of county government in Livingston County (excluding schools) for a period of about 14 months (Feb. 12, 1932—April 3, 1933) was \$43,508.01. The proportions of this total expended for major items are as follows: interest, 27.0 percent; roads and bridges, 19.6 percent; poor relief, 15.6 percent; protection, 12.2 percent; and all other purposes, 25.6 percent. Protection costs were 7.8 percent of the total, in the preceding 12-month period. This large increase is said to have been caused by minor offenders who, in the later period, when money was increasingly scarce, preferred "entertainment" in jail at county expense to paying fines imposed by the courts. This augmented the jailer's income appreciably but reduced county revenues from fines and forfeitures. An attempt was made to work county prisoners, in order to reduce the attractiveness of an enforced stay in the jail. But this effort cost the county some \$500 additional for guards and transportation and, according to local reports, the work done by the prisoners was insignificant.

Increased amounts were paid for rights of way during the three fiscal periods studied in these counties. Rights of way were purchased chiefly in response to the demands of the State Highway Department that the two counties participate in the State's road-building program within their borders. Because of limited road funds available in their counties, many citizens questioned the propriety of these demands and thought that all county road funds should be used exclusively to maintain and improve county roads. In 1931, each of these counties purchased large tractors and road-graders and used them extensively for the next year or so. For various reasons, however, the use of this machinery did not come up to expectations and during the most recent fiscal period there was some return to the traditional method of road maintenance which is to use plows and teams hired from farmers along the roads on which work is to be done.

County expenditures for poor relief did not increase as rapidly as might have been expected under depression conditions. Several factors account for this. The more important ones were: first, a considerable amount of neighborly sharing of necessities; second, the increased use of Federal relief funds; third, the almost universal practice in these counties of raising some vegetables and poultry for home use; and fourth, the local attitude of countenancing aid for poor relief only after persons in need had exhausted all resources of their own and were in great distress because of inadequate food, clothing, shelter, or medical attention.

On the other hand, it is difficult to discover in Table 9 any substantial evidence of readjustments in county expenditures in the face of sharp decreases in revenues. Instead, some expenditures in no wise traceable to the depression, as well as expenditures for poor relief, tended upward in both counties during the fiscal periods studied. As pointed out in an earlier section (page 284), county officials are greatly restricted in their power to initiate reductions in expenditures, partly because of various forms of state control over their acts.

Recipients of warrants issued by the counties were finding it increasingly difficult to sell their warrants unless willing to accept something less than face value. The amount of such

discounts ranged from 10 to 50 percent, depending upon the urgency to sell, bargaining ability of sellers and buyers, and other considerations. However, when these counties wanted to purchase supplies or services, merchants or others, knowing that they would be paid in warrants, charged the counties substantially more than current cash prices. Such "mark-ups" often amounted to 25 percent or more, according to statements of some of the merchants. Thus, in addition to paying 6 percent interest on their borrowing thru the medium of warrants, some prices paid by the counties were altogether too high.

Another serious objection to this use of warrants was that paupers who received aid in the form of warrants actually obtained considerably less help than the face of the warrants indicated. County officials who received warrants for their services were taking severe salary cuts unless they could retain their warrants as investments until the counties could redeem them. Since these counties were no longer operating on a cash basis, receivers of county warrants were forced to accept less than they should have received from the counties, and, in the long run, the taxpayers were paying for this wasteful process.

County Revenues. Crittenden and Livingston Counties derive most of their revenues from local taxes. (Table 10.) In the former county, tax revenues during the 12-month period ending March 31, 1933, were slightly larger than for the preceding 12 months. Much of this increase probably was due to an aggressive tax collector who was appointed in 1933 when a vacancy occurred in the sheriff's office. Collections in Livingston County continued downward thru the most recent fiscal period, which was nearly fourteen months.

State aid ranks second to local taxation as a source of revenue for these counties, tho the amounts involved are relatively small. This aid consists of a share of the income obtained from the issuance of motor truck licenses, returned to the counties for the local road fund. In both counties, local expenditures for roads and bridges were not much greater than this state aid. The amount received has been increasing slowly in recent years, but will be greatly reduced in 1934 because of a reduction of approximately 50 percent in fees charged for truck licenses.

Current expenditures exceeded current revenues in each

Table 10. Classified Receipts (except for schools) Total Costs, and Deficits in Crittenden and Livingston Counties, during Specified Fiscal Periods, 1930 to 1933.¹

Item	Receipts, disbursements, or deficits between specified dates in—							
	Crittenden County				Livingston County			
	Apr. 1, 1930 to Mar. 31, 1931 Dollars	Apr. 1, 1931 to Mar. 31, 1932 Dollars	Apr. 1, 1932 to Mar. 31, 1933 Dollars	Feb. 12, 1930 to Feb. 11, 1931 Dollars	Feb. 12, 1931 to Feb. 11, 1932 Dollars	Feb. 12, 1932 to Apr. 3, 1933 ² Dollars		
Receipts, classified by source:								
Revenue receipts:								
Taxes ³	38,489.91	31,464.44	33,989.27	23,890.02	21,935.42	22,001.72		
Fines and forfeitures	531.69	286.62	68.31	170.61	160.88	80.53		
County share of State subvention from truck license receipts ⁴	4,303.23	4,716.53	5,401.95	4,303.23	4,716.53	5,401.95		
Interest (mainly on sinking funds)	1,382.75	1,350.25	1,360.00	487.50	450.00	425.00		
Miscellaneous			3.66	20.00		9.15		
Total revenue receipts	44,707.58	37,817.84	40,823.19	28,871.36	27,262.83	27,918.35		
Non-revenue receipts:								
Bonds sold ⁵	45,000.00							
Refunds to the county	.13	6.58	3.81		78.66	39.84		
Total non-revenue receipts	45,000.13	6.58	3.81		78.66	39.84		
Total receipts	89,707.71	37,824.42	40,827.00	28,871.36	27,341.49	27,958.19		
Total governmental-cost payments ⁶	91,797.10	49,035.13	50,342.37	36,521.67	37,521.80	43,508.01		
Deficit ⁷	47,089.52	11,217.29	9,519.18	7,650.31	10,258.97	15,589.66		

¹ From various county offices, chiefly that of treasurer. ² Records were in such condition that it was impossible to get uniform 12-month periods. ³ Includes sheriff's commission for collecting taxes. ⁴ Distributed equally among the counties of the State. ⁵ Proceeds of a road bond issue representing county's contribution toward the cost of building arterial highways in this county. ⁶ From Table 9. ⁷ Total governmental-cost payments less total revenue receipts.

county during all three of the fiscal periods analyzed. The excess of expenditures in Crittenden County in the earliest fiscal period studied was particularly large because of the road-bond issue, the proceeds of which were turned over to the State Highway Commission. In the two most recent fiscal periods, the deficit was approximately 20 percent of all county costs, but decreased slightly in the most recent period. In Livingston County, on the other hand, the deficit mounted from a little more than a fifth of all county expenditures during the first fiscal period to more than a third in the most recent period. By the spring of 1933, the situation had become so acute that only occasionally could a county warrant be sold, and then only at a heavy discount, in extreme cases amounting to as much as 50 percent.

County Debts. In both counties, county debts rose thruout the fiscal periods studied. (Table 11.) The \$45,000 road-bond issue in Crittenden County, sold during the first fiscal period, accounts for most of the increase in net debt at that time. Since then, the net debt of this county increased at a slower rate. In Livingston County, on the other hand, the net debt increased at an accelerated rate thruout the three periods. Inability to determine cash balances in Livingston County, because of the condition of the records in the office of the county treasurer, has little effect upon the accuracy of the statistics in this table, since the amount of cash on hand was reputedly very small. Bills outstanding could not be determined accurately for either county, since no file of these was kept. A rough estimate at the close of the most recent fiscal period places the amount of these claims at \$5,000 for each county. The data in this table thus represent the minimum indebtedness.

According to state law, sinking funds are required to be built up to redeem all bond issues. Crittenden County was doing a much better job of building up and investing a sinking fund to retire its bond issues than was Livingston County. In the latter, revenue from the 20-cent road-fund levy was insufficient in these fiscal periods to meet even the interest payments on bonds outstanding, and the sinking fund previously built up was being drawn upon to meet these deficits. The first of the bonds matured on August 1, 1933. Retiring this bond

Table 11. Indebtedness and Increase in Net Debt of Crittenden and Livingston Counties, as of Specified Dates, 1930 to 1933.

Item	Crittenden County				Livingston County			
	Apr. 1, 1930 Dollars	Apr. 1, 1931 Dollars	Apr. 1, 1932 Dollars	Apr. 1, 1933 Dollars	Feb. 12, 1930 Dollars	Feb. 12, 1931 Dollars	Feb. 12, 1932 Dollars	Apr. 4, 1933 Dollars
Gross Debt: ²								
Bonds outstanding..	232,500.00	265,000.00	285,000.00	260,000.00	204,000.00	204,000.00	204,000.00	204,000.00
Warrants out- standing	60,250.53	66,593.81	88,427.44	102,438.98	¹ 15,787.35	³ 19,252.14	³ 27,219.00	³ 37,615.62
Total	292,750.53	331,593.81	353,427.44	362,438.98	219,787.35	223,252.14	213,219.00	241,615.62
Cash balance and sinking funds:								
Cash balance	4,730.66	1,000.47	4,695.65	1,155.49	¹	¹	¹	¹
Sinking funds ⁴	54,776.58	50,260.53	57,181.69	60,214.21	16,742.50	18,321.85	16,752.00	³ 15,076.95
Total	59,507.24	51,261.00	61,877.34	61,369.70	16,742.50	18,321.85	16,752.00	15,076.95
Net debt ²	233,243.29	280,332.81	291,550.10	301,069.28	203,044.85	204,930.29	214,467.00	226,538.67
Increase in net debt during fiscal period ⁵		47,089.52	11,217.29	9,519.18	⁶	1,885.44	9,536.71	12,071.67

¹ Impossible to determine cash balance, as county treasurer (sheriff) did not segregate his official accounts from his personal accounts. It is doubtful if there was much of a cash balance on any of these dates. ² No information was available on bills outstanding, hence gross and net debt figures are somewhat less than actually obtained had unpaid bills been included in this table. ³ Approximately correct. In Crittenden County these funds were in charge of a bank and interest was paid regularly thereon. In Livingston County a similar practice formerly prevailed, but during the last fiscal period some \$6,000 of the sinking fund was used to buy up county warrants at their face value, altho these warrants were selling locally at a considerable discount. ⁴ These figures for Livingston County do not agree with deficit in Table 10, mainly because of the inadequacy of the revenue records. ⁵ Not determined.

and paying interest on the entire issue practically wiped out the cash balance in the sinking fund. Moreover, practically all of what was left in this fund (about \$5,000) was represented by Livingston County warrants which had been purchased at face value, whereas at the time of this survey such warrants were selling at a substantial discount.

The warrant situation in Crittenden County is readily explained. All warrants issued since April 1, 1930, were still outstanding on April 1, 1933. In other words, this county was three years behind in the redemption of warrants at that time. Interest is paid on the warrants only as they are called for redemption. A conservative estimate indicates that accrued interest on these warrants amounted to at least \$9,000 on April 1, 1933. Outstanding warrants in Livingston County totalled \$37,615.62 on the same date, tho, because of the condition of this county's financial records, the figure may be somewhat low. Accrued interest on these Livingston County warrants was estimated at \$2,000 on the same date.

School Finances. At the time of the survey, school finances were in decidedly better shape in these two counties than were general county finances, and the contrast was particularly noticeable in Livingston County. The fiscal year for the school systems ends on June 30, therefore, the figures in Tables 12 and 13 are not strictly comparable with those in the tables showing trends in general county expenditures and revenues.

The contrast between the financial condition of the general county government and that of the school system arises from five major differences. First, state aid for schools has not decreased as rapidly as have revenues raised by local taxation. Second, the school authorities have made drastic cuts in teachers' salaries and in some instances have reduced the length of the school term. Expenditures for current operation and for capital outlay have been curtailed greatly. County governments have not done likewise, in part at least because of statutory provisions that stand in the way. Third, the school systems did not face an increasing load during the depression comparable with mounting demands for relief made upon counties. Fourth, the greater concentration of spending authority combined with more flexible control exercised by the State Department of Education over

Table 12. Disbursements and Receipts of the County and Independent School Districts in Crittenden and Livingston Counties, for the Fiscal Year Ending June 30, 1933.¹

Item	Crittenden County			Livingston County		
	County School System	Independent School Districts	Total	County School System	Independent School Districts	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Disbursements:						
Cost payments:						
Operation and maintenance expense:						
Salaries of administrators	1,760.00	1,940.00	3,700.00	1,500.00	10.00	1,510.00
Salaries of teachers	26,542.15	16,592.29	33,134.44	27,513.92	5,160.00	32,673.92
Other overhead and operating expense ²	7,084.19	3,760.98	10,845.17	5,028.72	2,769.59	7,798.31
Total	35,386.34	22,293.27	47,679.61	33,042.64	7,939.59	40,982.23
Interest	1,703.57	21.00	1,724.57	481.64	.....	481.64
Capital outlay	836.51	100.00	936.51	11.00	.....	11.00
Total cost payments	37,926.42	22,414.27	50,340.69	33,535.28	7,939.59	41,474.87
Total non-cost payments (reduction of indebtedness) ³	4,719.32	4,684.31	9,403.63	.....	.....	.....
Total disbursements	42,645.74	27,098.58	59,744.32	33,535.28	7,939.59	41,474.87
Receipts:						
Revenue receipts:						
Local taxes	26,862.45	15,348.42	42,210.87	14,948.13	4,545.28	19,493.41
Share of State common school fund	17,787.00	3,620.00	21,407.00	14,896.00	1,827.00	16,723.00
Other revenue receipts ³	1,273.22	2,052.46	3,325.68	1,224.00	762.00	1,986.00
Total	45,922.67	21,020.88	66,943.55	31,068.13	7,134.28	38,202.41
Non-revenue receipts (temporary loans). Total .....	.....	3,259.00	3,259.00	.....	.....	.....
Total receipts	45,922.67	24,279.88	70,202.55	31,068.13	7,134.28	38,202.41

¹From Biennial Report of Superintendent of Public Instruction, biennium ending June 30, 1933. p. 200-202, 215-217.

²Includes some double accounting because of tuition payments between the various districts represented. ³There is some evidence in the records that at least part of these sums was paid the preceding year.

Table 13. Indebtedness of County and Independent School Districts in Crittenden and Livingston Counties, as of June 30, 1932.¹

Item	Crittenden County			Livingston County		
	County School System	Independent School Districts	Total	County School System	Independent School Districts	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Gross debt:						
Bonds outstanding	24,000.00	.....	24,000.00	.....	.....	.....
Notes outstanding	8,200.00	300.00	8,500.00	8,108.00	.....	8,108.00
Accounts payable	4,956.21	3,933.10	8,889.31	.....	530.00	530.00
Total	37,156.21	4,233.10	41,389.31	8,108.00	530.00	8,638.00
Cash balance and sinking fund:						
Cash balance	— ² 62.53	676.58	614.05	3,704.15	845.10	4,549.25
Sinking fund	1,200.00	.....	1,200.00	.....	.....	.....
Total	1,137.47	676.58	1,814.05	3,704.15	845.10	4,549.25
Net debt	36,018.74	3,556.52	39,575.26	4,403.85	³ 315.10	4,088.75

¹ From reports made by local school officials to the State Board of Education. ² Deficit, overdraft. ³ Surplus instead of net debt.

local school affairs made it easier to reduce school expenditures in line with reduced income. Fifth, the proportion of total disbursements required to meet fixed expenses (such as interest and principal on debts), over which present officeholders have no control, was very much lower for schools. Altho the depression has forced real hardships and sacrifices upon school teachers, and has penalized the school children by shortening terms, by overcrowding, and by the continued use of some very poor buildings, the financial situation of the schools is such that an increase in school revenues might be used immediately to improve these conditions. The fiscal courts of these counties, however, will first have to pay off an accumulation of operating deficits created during the past few years when county revenues increase.

Municipal Finances. Incorporated municipalities within the two counties (Marion, Dycusburg, Smithland, Grand Rivers, and Carrsville) are empowered to levy taxes for municipal purposes, tho some of these towns have not exercised this authority regularly. In Marion, however, annual levies were made for general municipal functions and special assessments were made for several municipal improvements. Since only a very small amount of farm property was included within the incorporated municipalities, their finances were not studied in detail. Moreover, in only one of the municipalities (Marion) was the burden of public debt large enough to constitute a serious problem, and in this town there were less than half a dozen tracts of land large enough to be classified as farms by the Bureau of Census.

CITIZEN OPINIONS CONCERNING LOCAL GOVERNMENT

This section summarizes the data obtained in personal interviews with 162 farmers and in a series of group discussion meetings attended by leading citizens of both counties.⁵ The purpose in presenting this material is to show what the local citizens thought of their county governments and what changes, if any, they deemed necessary; also, to show that many commonly-held ideas concerning county government, if put into practice, might

⁵ The 162 farmer schedules have been tabulated and the statistical data may be obtained by writing to the Bureau of Agricultural Economics, United States Department of Agriculture, Washington, D. C.

increase the cost of county government or reduce its effectiveness. These ideas were encountered again and again during the course of the field work, tho it was impractical to measure their frequency or relative influence.⁶

Results of Individual Interviews. In the minds of farmers, high taxes, first, and the local road situation, second, constituted by far the most serious problems confronting the governments of both counties, and a few charged dishonesty or incompetency on the part of county officials. The protest against high taxes is one of the most pronounced of "depression stimulated" expressions. However, it should be recalled that altho local tax rates remained the same for 1930, 1931, and 1932, total assessed valuations of property subject to county taxation dropped appreciably during this time. Either many of the farmers failed to recognize this reduction in assessed property values as having the same net effect as an equivalent percentage reduction in rates (assuming the former to be reasonably uniform thruout the county), or the interviewed farmers had not benefited by reductions in assessments.

Almost 90 percent of the farmers interviewed expressed dissatisfaction with the condition of local roads. In Crittenden County, the complaint was of general neglect of road maintenance, but in Livingston County, the most frequent complaint was that some parts of the county had been given more than their share of gravelled roads. In Crittenden, there were a number of criticisms of the method of working the roads by "warning out" the men subject to road duty for several days each year, and the failure to make wider use of the county's tractor-grader. On the other hand, farmers turned against the use of power machinery for local road maintenance in Livingston County because some of the magistrates had evidently been hiring new crews (often allegedly relatives or friends) to operate the tractor-grader, and expensive machinery had been abused and neglected as a result. A majority of those inter-

⁶ The opinions and viewpoints in the paragraphs that follow are not the personal views of the authors. As pointed out in a number of specific instances, the facts obtainable from the records at the two court houses do not substantiate some of the opinions expressed by the citizens. In other instances it was impossible, within the time available for field work, to obtain factual data that might corroborate or disprove the citizens' assertions. But the frequency and positiveness with which the ideas were expressed, show that they are a factor to be considered in the administration of local government.

viewed advocated the optional payment of a road poll tax (\$5.00 or less as a rule) instead of working 6 days on the roads, as one means of getting better local road maintenance. Most of the others were opposed to any more taxes or at least to any which they would have to pay in cash.

The State Highway Department was criticized by several farmers for its alleged policy of causing counties to go into debt to purchase rights of way for a few arterial highways, and then to levy uniform county-wide property taxes to pay interest and principal on road bonds. These farmers were of the opinion that this plan was an injustice to real-estate owners (a large majority of whom are farmers) whose properties are inaccessible for weeks at a time, because of bad roads.

As to schools, more than half the farmers of Crittenden County made no complaints, whereas those who made specific complaints stressed "poor teachers" and the limitations of one-room schools. In Livingston County, also, complaints were made regarding schools, particularly "poor teachers" and one-room schools. There was some criticism of the policy of the county board of education in maintaining a number of very small high schools and allegedly neglecting the elementary schools. There were also more complaints of excessive administrative costs in this county. The farmers interviewed, except some of those living on all-weather roads, were opposed to school consolidation largely because of the transportation problem involved. Unquestionably, school consolidation in many parts of both counties will have to await the building of better roads.

Almost two-thirds of the farmers interviewed expressed dissatisfaction with the existing methods of pauper relief in their counties, and these complaints were somewhat more numerous in Livingston than in Crittenden County. The allegation was that too many persons were on the pauper list. A number of farmers reported specific cases in support of their contention. Widows with children well up in their teens, persons known to be making or selling liquor, individuals of questionable moral character, and persons having relatives able to care for them, were most frequently pointed out as cases that should be removed from the pauper list. Some farmers objected to the existing situation because they thought that political considera-

tions determined the distribution of relief funds. Closer supervision of the relief work was urged in Crittenden County as the most desirable change, while in Livingston the election of more competent officials and closer supervision of relief funds were advocated.

Ninety-two percent of all farmers interviewed said that during the past year the cost of running their county government had been excessive. As a means of reducing this cost, most of the farmers suggested cutting the salaries of county officials. A much smaller number suggested general reduction in expenditures, consolidation of offices, reduction in pauper funds, and other assumed economies. The eagerness to reduce salaries indicates, more than anything else, a need for enlightenment on county costs, since the elimination of all salaries and per diem payments would not cut such costs more than 20 percent.

About four-fifths of the 162 farmers interviewed thought that there were some opportunities for improving the work of the fiscal court. The most frequent suggestion was to reduce the number of magistrates. A considerable number thought that more competent men might be elected to serve in this capacity. A few urged reductions in the number of sessions per year and in per diem allowances.

Budget balancing, or requiring that expenditures not exceed revenues, was recommended as the most feasible way to make county warrants worth their face value. Some farmers thought that the present floating indebtedness (warrants outstanding) could be funded into bond issues at less cost to the taxpayers, provided it would be possible to balance future county budgets.

One hundred and sixteen of the farmers interviewed said that some of the existing county offices could be consolidated to advantage and only twenty were definitely opposed to the principle of consolidation. The overwhelming reason given in support of consolidation was the saving of money. A few were of the opinion that the existing volume of work was not sufficient to justify so many offices. Those who opposed consolidation said that the present arrangement adequately cared for the work and that further consolidation would afford greater oppor-

tunity for graft. Various other reasons were given for not consolidating offices.

The consolidation of the offices of sheriff and jailer was urged most frequently and, in dominating frequency, suggestions for combining the offices of county clerk and circuit clerk; turning the work of property assessment over to the magistrates, and abolishing the office of the county tax commissioner; turning all circuit court prosecutions over to the county attorney's office in each county and abolishing the office of commonwealth's attorney; abolishing the county board of education by adding its duties to those of the subdistrict school trustees and organizing these trustees as a county group.

Both counties have the traditional form of government. An optional form, the county-commission plan, exists in McCracken County which is the next county to the west of Livingston. A question put to the farmers interviewed, for their assent or dissent to the practicability and desirability of the commission form of county government, was answered in the affirmative by a much greater proportion of those living nearest to McCracken County, but many living farther away said that they did not know enough about this reorganization plan to give an intelligent answer.

The hope to obtain better roads and schools, and to lower taxes were major reasons why a majority of farmers interviewed would be willing to give up some of the existing local control over schools and roads in return for more aid from the State. Some of those who advocated, and most of those who were opposed to greater centralization of control, feared that additional wastes, political complications, and other abuses would creep in. A number cited specific grievances, which they thought they had suffered under State control of arterial highways, as reasons for their opposition to further centralization in this field, whereas a few mentioned troubles which they said were caused by existing authority of the State Board of Education over the local school system. Others recommended decentralization in these important governmental services.

Consolidation of counties was favored or opposed by about equal numbers of farmers interviewed in both counties. Those in favor of such enlargement of counties cited governmental

economies and tax reduction as reasons for approving this proposal. Most of those opposed stated that they did not want county consolidation under any circumstances, that consolidation was impractical because of bad roads, the cost of new buildings and other difficulties, or that the financial saving would be insignificant. Apparently, no plan of consolidation would be likely to receive a majority vote unless the advantages of such action were presented in a very convincing and thoro manner.

The final question put to each farmer was what changes in county government would he like made, assuming that existing laws would permit such changes. Sixty-seven of the 162 were unable to suggest anything; the rest gave 130 suggestions, and 35 farmers offered two changes each. Cutting salaries or per diem rates paid to county officials and combining certain of the existing offices included over half the total. Others covered a range of suggestions such as reduction of the amount spent on pauper relief, consolidation of counties, more competent men in office, reduction of all county expenses, reduction in the number of magistrates, abolition of the county board of education, county government operation on a cash basis, etc. Most of the replies indicated strict adherence to a conservative point of view, and a number of the specific suggestions urged reversions to methods reminiscent of pioneer days.

Underlying the opinions expressed by many of the 162 farmers interviewed, and also expressed either at most of the discussion meetings or in informal conversations with local people, were a number of ideas contrary to the present theory of efficient county government. No claim is made that all these ideas are held by a large majority of the citizens or that they influence materially the operation of all local governmental activities. It is believed, however, that they are sufficiently widespread to have either an appreciable adverse influence upon some of the services that are being rendered or upon the cost of rendering such services.

One of the most prevalent opinions as to improvement was that of rapid rotation of office holders, especially of the elective officers. Two 4-year terms were commonly thought the limit of office holding for anyone save a few exceptional individuals. Those who expressed this idea seemed to assume that office

holders have unusual opportunities to amass wealth, that the longer a person remains in office the more ways he finds to advance his personal interest to the detriment of the county, or that those who serve in offices located at the county seat soon lose interest in the outlying places from which they came, and seek instead to promote the interests of the county-seat town even to the harm of the rest of the county. According to these persons, the best deterrent to such perversions of office is to prevent the incumbent becoming thoroly familiar with his office by establishing short-term tenure.

Popular election of public officials was thought by many citizens to be the proper way of selecting personnel not only for the major policy-determining positions but for minor positions where work is elementary or routine, as well as technical. Popular election of school teachers by the residents of each rural school subdistrict, of the county superintendent of schools, of the public health officer and of the deputies in various county offices was suggested time and time again by persons interviewed. A few went so far as to urge that even the State arterial highways should be placed under complete control of local road overseers, each serving for 5 to 10 miles of road and each elected by the persons living along the road or roads included in such small districts.

The idea that one should seek a county job as a means of recovering some of the taxes paid to the county in preceding years was found to be fairly prevalent. This opinion may have been unusually pronounced in the spring of 1933 because of the impending primary and general elections for county offices. It had, however, some other manifestations. Many complaints against the use of modern road machinery operated by competent full-time road crews were traceable to the idea that farmers had a vested right to rent their teams, plows, and perhaps other equipment to the county to maintain the roads in their localities.

Another opinion frequently expressed by the local citizens was that salaries of public servants should be very low. Two dollars per day was deemed exorbitant by many as pay for any county government position, and some thought half this amount was ample remuneration for full-time service. This expression from farm people was evidence of failure on their part to realize

the difference in living costs on the farm and in town. The most serious consequence of this would be to discourage capable men from seeking public office. The chance would be afforded also for the election of persons willing to accept the lowest salary with little consideration of their ability.

The widespread opinions related in the preceding pages have had a number of adverse effects upon the efficiency of local government. Many of the bad effects have been stated already. The most serious are summarized as follows:

(1) Able, public-spirited citizens are discouraged from seeking public office.

(2) County government gradually loses importance in the eyes of the electorate. The resulting indifference gives added incentive for self-seeking individuals to use public office for other than the best interests of the county as a whole.

(3) At least some county offices become more important as stepping stones to places in state political circles than as opportunities to serve the local people.

(4) The incentive to improve upon the work of one's predecessors in office is reduced by short terms of office, low salaries, and citizen indifference.

(5) The pressure exerted by many persons who want to hire their teams or farm equipment to the county, who want to sell supplies to the county, who want to be employed by the county, or who desire some direct aid from the county, makes it difficult to hold local government expenditures within reason.

ADDITIONAL FINANCIAL ANALYSIS SUGGESTED BY OPINIONS OF LOCAL CITIZENS

During the course of that part of the field work which dealt with the determination of citizen opinions and attitudes concerning county government, three ideas were expressed or implied in the statements of a considerable number of the citizens which warranted additional classification and interpretation of some of the financial data. These analyses were made for the purpose of testing the validity of such ideas. This was done only in Crittenden County because of time limitations. A like analysis in Livingston County probably would have produced results that differed only in minor details from those disclosed

in Crittenden County. The ideas expressed by the citizens, were as follows: first, that county expenditures should be distributed "equally" thruout the several magisterial districts; second, that a large number of taxpayers in the county received warrants from the county amounting to a significant part of the taxes which they paid to the county; and third, that the pauper fund was being wasted to a considerable extent.

Between April 1, 1932, and March 31, 1933, Crittenden County issued \$30,945.33 of interest-bearing warrants. Of this total, \$29,177.69, or 94.3 percent, went to residents of the county. Over \$6,500, or more than 25 percent, of the cash disbursements, also, went to persons and business concerns within the county. Thus, of total county expenditures, almost two-thirds was paid directly to local parties.

In the remaining paragraphs of this part of the report, only the \$29,177.69 represented by warrants is discussed, since it was impossible to get the names and addresses of all local payees who were paid in cash, many of whom received but a few cents accrued interest on small warrants called for redemption.

During the one-year period, 643 different persons, families, or business firms received one or more warrants each. As far as possible, instances of two or more persons in the same family, and of persons receiving warrants in their own names, and also as sole owners of business concerns which received county warrants, are treated as single instances, so that the number, 643, represents approximately that many different families or individuals. In addition, 55 persons or families received pauper aid from merchants and doctors, but since the amount they received was paid by the county to the persons or businesses rendering such aid, these 55 cases are not considered in the paragraphs immediately following, for their inclusion would mean double counting.

Distribution of County Expenditures by Districts. As far as funds representing purely local benefits are concerned, magisterial districts one and two (containing the county-seat town) did not appear to have received the "lion's share" of either pauper or road funds, despite allegations to that effect by citizens living in more remote parts of the county. On the other hand, no matter which district happened to contain the county

court house, its residents would be certain to receive more of the general county funds which are spent for services that benefit the entire county, because it is necessary or convenient for many of the county officials to live near where their work must be performed.

Since, upon the bases of population and total assessed wealth (the two criteria used), no magisterial district was particularly favored, the important question is raised: what is the proper basis for distribution of county funds? Among the citizens themselves, two ideas figured prominently. The first was that these funds should be distributed approximately in proportion to taxable wealth. In other words, the wealthier parts of the county should receive the larger portions for roads, schools, and other purposes. The second idea was that these funds should be distributed on some unit basis, as, for example, so many dollars per mile of road for maintenance.

County Taxes Paid By Recipients of County Warrants.

Among the 643 local recipients of county warrants, 525 either appeared on the tax rolls individually or as joint owners with husbands or wives. Of the county and road-fund levies for 1932 (amounting to \$36,777), the 525 taxpayers who received county warrants were expected to pay to the county \$6,037, or 16 percent of the total amount levied. These persons also represented about 20 percent of the families of the county. If the very few large taxpayers (mainly public utilities and fluorspar mining companies), who appear on the tax rolls, are omitted from consideration for the moment, these 525 recipients of county warrants, who also appeared on the tax rolls, constitute, on the average, a fairly typical sample of the rank and file of taxpayers in the county.

One other aspect, however, should be mentioned. The 643 recipients of county warrants, plus the 55 additional pauper cases receiving indirect aid from the county thru merchants and professional people, had a combined voting strength of 25 to 35 percent of the county's total electorate. More than half of them received funds from the county equal to or in excess of the taxes which they paid to the county, and many others received sizable amounts. Recipients of county warrants were sufficiently numerous to hinder or prevent the introduction of

economies which would affect payments they had been getting from the county. Self-interest would, therefore, tend to nullify the urge toward economy in county government for a significant part of the local electorate.

The Pauper Problem. From the names on the stubs of county warrants issued for the relief of indigents in Crittenden County, it was possible to trace approximately 70 percent of the \$5,707.10 spent by this county for outdoor relief between April 1, 1932, and March 31, 1933. The remainder could not be traced because no records, other than the original court order concerning each case, were kept by the county. In addition to the county funds spent for pauper relief, substantial amounts of Federal aid were expended by the county committee having this work in charge. These funds went largely to aid temporarily unemployed persons and their families, rather than to indigents, and since such funds were not a part of local tax revenues, they are not considered in this study.

Persons who received pauper aid in Crittenden County may be grouped in seven classes as follows: (1) pauper-idiot; (2) aged, infirm, crippled, and blind persons; (3) widows; (4) persons who required temporary medical care but who were adjudged unable to pay for the same; (5) persons temporarily unemployed; (6) persons more or less continuously in dire poverty; (7) dependents of any of the foregoing. For some of these classes, especially the pauper-idiot and the needy blind, state laws set certain standards that are more or less obligatory upon the county. But the county can exercise considerable latitude in handling most classes of paupers.

The amount of aid granted per case was relatively small; 151 different families or individuals received \$3,984.61, an average of \$26.39 each. The smallest amount was \$1.25 and the largest \$122.34. Since the cash value of the county warrants was considerably below their face value (except where a few individuals were able to get their warrants cashed at par), the actual value of these pauper payments was even less than the foregoing amounts indicate. In rendering aid, the only definite policy in effect at the time (applying to all cases except those covered by state laws), seems to have been to give as little help as possible to keep the recipients from actual starvation, extreme

exposure, or dire suffering from lack of medical care. Yet, of the 151 families or individuals on the relief list, 51 were also on the tax rolls.

With the cooperation of a number of well-informed local people, an attempt was made to classify the pauper cases according to actual need and merit. Of the \$3,984.61 paid to identifiable cases, 44.3 percent was classified as absolutely necessary. Several persons even remarked that, from a humane viewpoint, some of the cases should have received considerably more aid. Persons who received aid because of state laws, but whose cases were open to question in the minds of these people, received 17.7 percent of the disbursements; 25.9 percent was paid to individuals concerning whom some of the persons consulted expressed considerable doubt as to merit or need. Twelve percent was classified as having been paid to persons who should not have received any help from public sources. By no means all of the expenditures called into question could have been avoided or were wholly unwarranted under the circumstances existing at the time.

A poorhouse was operated in Crittenden County at a cost of \$1,230.60 for the 12-month period ending March 31, 1933. The number of inmates varied from 5 to 9, most of them bedridden. The institution was let out on contract to the low bidder at a flat rate per month per inmate, plus use of the property by the bidder. With so few inmates to care for, the continued maintenance of this institution appears questionable.

In Livingston County, most of the pauper aid consisted of orders to merchants and doctors for commodities or services to paupers. Altho the magistrates and county judge were supposed to write all such orders on special forms and keep records of what they had written (these order forms being known locally as poor-relief checks), many orders were written on scraps of paper and some were given verbally. No record was made of these orders by the issuing official. It was impossible to get an accurate record of the amounts of relief granted to specific cases. From opinions expressed on the subject, it appears that, both numerically and proportionally, fewer cases were on the Livingston County pauper list, than on that of Crittenden, but those on the former list were receiving, on the average, somewhat

larger amounts of aid than on the latter. Livingston County has not operated a poorhouse for some years, the few cases needing institutional care being maintained in private homes at county expense.

The method of caring for paupers in both counties appears to be in need of reorganization to eliminate the loose methods in use at the time field work on this study was in progress. On the other hand, considering the small amount of aid granted to many individual cases, it is doubtful if any large financial saving could be effected thru such a reorganization.

CONCLUSIONS AND SUGGESTIONS

On the basis of the foregoing facts and discussion, certain conclusions may be drawn which apply to the two counties. Whether the conclusions apply equally well to other counties in Kentucky or elsewhere depends upon the existence of similar conditions. Briefly stated, the conclusions are:

(1) The traditional conservatism ascribed to rural people generally is a dominating force in the conduct of government in Crittenden and Livingston Counties. In planning for reorganization of government in these counties, it seems important to determine in advance what changes would receive the most support among the citizens, and, if possible, to begin reorganization at such points.

(2) In the minds of farmers, high taxes constitute the major problem of local government, but a careful analysis of average assessed values, rates, and such other data as were readily available, failed to show that farm lands in these counties are being taxed at exorbitant rates. Farmers in these counties suffer more from meager natural resources and low incomes than from tax rates which are excessively high in relation to land values.

(3) For several years past, the issuance of county warrants and claims in excess of current income has created a financial situation which will inevitably result in a general default on debt obligations, if this spending policy is continued and if county revenues are not increased.

(4) These two counties can make some reductions in their governmental costs without sacrificing essential services, if cer-

tain changes are made in their organization and operation. But their budgets cannot be brought into balance without impairing present services or increasing taxes, unless there are some revisions of or additions to existing state laws.

(5). Combining Crittenden and Livingston into a single county appears impractical at present as a means of effecting substantial reductions in the cost of county government. A division of Livingston County between adjoining counties, recognizing established and developing trade areas, might reduce the present combined administrative costs of Crittenden, Livingston and McCracken Counties. The reduction, however, would be relatively small since all administrative costs are only about a fifth of the total cost of county government, and administrative costs would be the only ones directly affected by consolidation. The impracticability of consolidation under present conditions is borne out by the poor condition of highways, the existence of toll bridges, and the indifferent or hostile attitude of many citizens toward consolidation.

(6) Some possibilities exist for reducing the cost of county government in Crittenden and Livingston Counties by reorganization within each county. Reduction in the cost of government, however, does not necessarily mean an immediate reduction in taxes. A substantial lowering of costs in these counties is necessary merely to bring expenditures within revenues.

(7) The possibility of saving money by consolidating elementary schools is practically nil in either county because of existing low teachers' salaries, very low investment in buildings and equipment, relatively large numbers of pupils per teacher, and poor roads. These items were not discussed at length in the body of this report because they are so self-evident that an enumeration suffices to indicate the situation. In Livingston County, about \$1,500 per year might be saved by consolidating certain high schools where the transportation problem is not difficult. The quality of high school instruction might be improved at the same time.

Suggested Changes in Local Government. In view of the excellent criticisms offered by farmers and citizens of these two representative agricultural counties, the following suggestions for improving county government are offered. The first ob-

jective in both counties should be to bring expenditures within revenues. Taxes should not be reduced until this balance is established. Therefore, in order to balance the budgets of these counties, the following fifteen suggestions are offered:

- (1) Take away from the sheriff the collection of taxes and assign this duty to the county treasurer who shall be a person with experience in collecting, disbursing and handling funds. Require the county treasurer to take out an adequate bond from a casualty company at county expense instead of a personal bond.

The collection of taxes by the sheriff is a survival of the days when tax collectors were literally tax gatherers who made the rounds of their areas as a convenience for people whose trips to town were infrequent. In recent years, however, an increasing proportion of the people either come to the sheriff's office to pay their taxes, mail a check to the sheriff, or settle thru their local banks. Some field work is still done by the more energetic sheriffs in collecting overdue taxes prior to the annual sale of tax-delinquent property. There appears to be no good reason why taxpayers (at least those who remit prior to the date of delinquency) should not make these payments directly to the county treasurer.

The reason for suggesting that the combined office of tax collector and county treasurer be bonded by a reliable bonding company instead of by a personal bond comes out of unfortunate experiences in these and other counties with the latter method. Collecting from personal bondsmen on county and school fund shortages has not been particularly successful. A local banker might be the logical choice for county treasurer since he has had the necessary experience, and it would be easier to procure an adequate bond at reasonable cost. State legislation will be required to accomplish this change. At present, a sheriff, when he is able to post an acceptable bond, can go to court and defend his right to collect taxes, if the fiscal court appoints someone else to do the work.

The degree to which county revenues might be increased by this change cannot be estimated easily without an audit of the sheriff's records for the past several years. It is believed,

however, that the amount would be at least \$2,500 per year in each county.

- (2) **Abolish the present system of paying the tax collector a percentage of collections.**

The amount of uncollected taxes in these two counties is small. Most citizens habitually pay their taxes before the penalty is applied. These persons would undoubtedly pay their taxes to a county treasurer as promptly as they have paid them to the sheriff. Strangely enough, the sheriff is paid the most (10 percent on the first \$5,000) for collecting those taxes which are easiest to collect. As recommended elsewhere in this report, tax notices might be prepared and mailed by the county tax commissioner, who could also furnish duplicate records to the tax collector. Under these conditions and with proper bonding at county expense, it ought not to be necessary to pay the county treasurer any fee or salary for his services, since county deposits probably would be sufficient remuneration, if a banker has been selected as county treasurer.

This change would make possible an annual saving of about \$1,800 in Crittenden county and \$1,200 in Livingston, in addition to savings in the cost of collecting state and school taxes. Action by the State Legislature, however, would be necessary.⁷

- (3) **Abolish the office of jailer, as now permitted by the Constitution, and assign the duties to the office of sheriff.**

In the replies of farmers interviewed, the consolidation of the offices of sheriff and jailer was most frequently named in response to a question asking them what present county offices might be combined advantageously. In most states, these two duties have always been combined in the sheriff's office, and there is no good reason why a similar arrangement would not be equally satisfactory in Kentucky.⁸

⁷ This situation has been further complicated by the passage of the Gross Receipts Tax Law under a provision of which the sheriff receives \$1,000 to \$2,000 a year to compensate for the loss of revenue in consequence of reduced state taxes on real estate from 30 to 5 cents on each \$100 of assessed valuation.

⁸ An act of the special session of the 1934 State Legislature provides that the office of jailer shall be abolished at the expiration of the term of office of the present incumbents, January 1, 1938. The duties of this office are thereafter to be performed by the sheriff.

- (4) **Establish a workable budget plan with an adequate system of accounting and provide for a continuing and an annual audit of county finances by a certified public accountant.**

There is now a minimum of accounting in both counties. The practice of publishing details of revenues and expenditures with little or no classification in the local newspapers is both expensive and of little value. If the officials and the citizens are to be continuously informed concerning county fiscal affairs, a systematic classified summary of county revenues and expenditures should be given wide publicity at appropriate intervals. Also, unless county officials are informed at frequent intervals concerning the state of the county finances, they are handicapped in keeping operations within the budget; and the character of this information depends upon the nature of the records kept.

Auditing is an essential accompaniment of budgeting and bookkeeping; and would undoubtedly save more than it costs. Competitive bids for this work might be sought from certified public accountants. An adequate system of accounting and auditing, might well be required by state law.⁹

- (5) **Make the county judge director of the budget.**

This suggestion is offered to facilitate the operation of a budget plan. It involves giving up the long-established practice of permitting many different county officials to authorize expenditures of county funds, and places exclusive jurisdiction over all expenditures in the hands of the county judge, within the limits set by the annual budget adopted by the fiscal court. The county judge, under this arrangement, would issue purchase orders which, in turn, would be submitted to the fiscal

⁹ The adoption of the Uniform County Budget Act at the regular 1934 session of the State Legislature is in accord with this recommendation. Under this act, the county judge, county attorney, and a third member chosen by the fiscal court in each county, constitute the county budget commission. This commission is charged with the responsibility of preparing an annual budget and with seeing that its provisions are adhered to. The county judge is chairman of the commission and is in reality the director as suggested in the fifth recommendation. The county treasurer is charged with maintaining currently the records necessary to keep expenditures within budget estimates, and has the responsibility of approving or disapproving claims in accordance with budgetary provisions. The State Inspector and Examiner is charged with general supervision over and approval of all county budgets, and is given the task of preparing and installing county budgetary accounting systems.

court as evidence supporting all claims presented to that body for approval. The change, moreover, would provide a much closer check upon unpaid bills.

Another reason for this concentration of spending authority is that its adoption would help meet the existing need for more comprehensive and accurate records. Sound financial practice in handling public funds requires that such records be kept, and any changes which reduce the number of persons responsible for keeping these records increase the probability of accuracy and completeness.

A third difficulty in the arrangement existing at the time the study was made is that some magistrates consistently and persistently were spending more than the fiscal court allotted to them for roads and paupers. These magistrates were not held financially responsible for such excesses and the result was that expenditures outran receipts. Concentration of spending authority would centralize responsibility for staying within income.

Placing spending authority in the hands of the county judge can be accomplished by action of the fiscal courts in each county. Mandatory legislation to put this proposal into effect seems desirable.¹⁰

- (6) Make the county judge or the county clerk purchasing agent for the county and require competitive bids. He should certify the validity of bills presented to the fiscal court for action, whether properly authorized, whether within the limits of the budget, whether supplies or services are provided as specified, and whether the amounts of the bills are correct.

Even the annual purchases of supplies by these two counties are not the largest items in their expenditures, former methods of purchasing result in needless wastes. Three practices are primarily responsible. First, each office usually orders what it needs, irrespective of similar needs in other offices. Thus, no advantage is taken of savings obtainable thru quantity purchases. Second, some magistrates, in spending road and pauper funds, apparently spread their purchases without trying to get

¹⁰ See footnote 8.

competitive bids for goods which are available within their own districts. Third, the questionable cash value of county warrants seems to have been made an excuse for excessive mark-ups on regular retail prices for supplies purchased by the counties. Lack of centralized purchasing probably gives added opportunity for this practice.

In these counties, the volume of purchasing is so small that some existing official would have to do this work. Either the county judge or the county clerk seems to be a logical choice.

- (7) **Hold a major election and a primary election in alternate years instead of annually as is now the practice in Kentucky; and reduce the number of polling precincts, the number of election officials, and rentals paid for polling places.**

Holding elections in alternate years would result in an annual saving of approximately \$1,000 for Crittenden County and \$500 for Livingston County. There would be further economies by a reduction in the number of voting precincts and a reduction in the number of election officials—changes that could be made with no serious inconvenience to the voters. Within certain limitations, the State Legislature has authority to reduce the number of elections and the number of officials required at each polling place while the county court can reduce the number of voting precincts within limits set by the State.

- (8) **Abolish the office of "Custodian of Public Property."**

The duties of this office are two-fold; first, the performance of a modest amount of janitor service (often performed by prisoners), and second, the care and custody of county buildings and grounds. Payments to the jailer for these services were commenced in the era of prosperity following 1920, when prisoners were tried quickly and, if convicted, promptly paid their fines instead of serving sentences in the county jail. Under these conditions the jailer's income from caring for prisoners was greatly reduced. In recent years, with changed economic conditions, a reverse situation has developed, and offenders often welcome the opportunity to live in the jail at county expense. The result is that the gross income of the office of jailer during 1930 to 1933 was higher than that of any other county office. The fiscal court has authority to make this change, which would save

\$600 annually in Crittenden County and \$240 in Livingston County.

- (9) **Repeal the Act granting \$20 per month to the County Librarian and transfer the duty of caring for the books to the County Court Clerk.**

This Act was admittedly passed by the State Legislature to supplement the generally low incomes of circuit court clerks who are state officials. An important saving is made by the State, however, by naming a county librarian in each county, for only one copy of each volume of statutes and other official volumes is now sent to each county, whereas formerly several copies were sent. If the State desires to continue this economy of furnishing fewer law books to the counties, the State might pay such salaries as are deemed necessary for library service instead of requiring counties to assume this burden.

- (10) **Abolish the office of circuit court clerk and transfer his duties to the county clerk.**

An analysis of the volume of work required of circuit clerks in Crittenden and Livingston Counties indicates that these are really but part-time positions. Continuance of the circuit clerk's office as a separate unit seems unwarranted. Since this office is established by the Kentucky Constitution, its consolidation with that of the county clerk would require an amendment to the constitution. Such an amendment might make this consolidation mandatory upon counties with populations or taxable resources under specified minima, and optional with other counties.

- (11) **Transfer the work of making out tax bills from the county clerk to the county tax commissioner.**

Adding the duties of the circuit clerk to those of the county clerk would increase the work of the latter. Partly because of this, it is suggested that the work of making out tax bills be transferred from the county clerk to the county tax commissioner. This change, moreover, would give approximately full-time employment to the county tax commissioner. Under the present arrangements, the issuing of tax bills causes a rush of work in the county clerk's office that necessitates hiring tempo-

rary help. The county tax commissioner would have ample time to do this work after his assessments have been completed and reviewed. By this change, responsibility for correct billing and for answering questions relating to assessments and taxation would be placed upon the person best qualified as to these matters. Action by the State Legislature is necessary to make this suggestion effective.

(12) Put the fees for keeping and dieting prisoners under the control of the fiscal court.

The statutory allowances for boarding county and state prisoners are high as compared with living costs in these counties. The fiscal court should be empowered to adjust this fee from time to time, in line with the local prices of food. However, if the jailer's office should be abolished and the sheriff put on a salary, compensation for dieting prisoners should be determined upon a cost basis. In order to effect this change, action by the State Legislature is necessary.

(13) Reduce the number of magistrates from 8 to 3 in Crittenden County and from 7 to 3 in Livingston County.

The reduction in the number of magistrates to three in each county should facilitate cooperation between the magistrates and the county judge. The change would make possible an annual saving of approximately \$400 in Crittenden County and \$150 in Livingston County. The fiscal court can make this change.

(14) Abolish the office of county attorney.

The work of the county attorney as prosecutor has been declining as the circuit court system has expanded. This shifting has increased the duties of the commonwealth's attorney. Criminal prosecutions by the county attorney have almost ceased in these two counties. Criminal cases heard by the county judge rarely need the services of a prosecutor, and any that might require such help could be transferred easily to the circuit court. Altho the county attorney, in return for his salary (\$1,000 in Crittenden County and \$850 in Livingston County for 1933), is supposed to represent the fiscal court in civil actions to which

the county is a party, the current practice in both counties is to employ special counsel to handle civil actions of any importance. The county attorney is also supposed to act as legal adviser to the fiscal court and other county officials. But in small rural counties such as the ones studied, it is doubtful if the legal counsel required justifies the maintenance of this office.

Since the office of county attorney is established by the State Constitution, its abolition would require a constitutional amendment. Such a change probably would result in an annual saving of at least \$500 in Crittenden County and \$400 in Livingston County, dependent, of course, upon the amount of special counsel needed.

(15) Reduce the pauper and road expenditures in both counties and discontinue the Crittenden County poorhouse.

The estimated possible savings involved in the previous suggestions are:

	Crittenden County	Livingston County
a. Collection of taxes by local banker.....	\$2,500	\$2,500
b. Discontinuance of present method of compensating tax collector	1,800	1,200
c. Alternate year elections	1,000	500
d. Abolition of office of custodian of public property	600	240
e. Abolition of office of county librarian..	240	240
f. Reduction in number of magistrates.....	400	150
g. Abolition of the office of county attorney	500	400
Total	\$7,040	\$5,230

These savings for each county are not sufficient to bring expenditures within revenues. It is suggested, therefore, that the necessary additional savings be brought about by curtailment of pauper and road expenditures. If total expenditures are brought within total revenues, confidence in county warrants can be restored and the market value of such warrants will again be equivalent to their face value. The suggested centralization of spending authority should make possible a part of the necessary reduction in pauper and road costs, and the rest of the reduc-

tion would be possible thru appreciation in value of county warrants.

It is believed that the necessary reductions can be made without any sacrifice of present essential services. For example, in Crittenden County, a saving in pauper expenditures can be made by abolishing the poorhouse. The number of paupers receiving institutional care is not large enough to warrant the maintenance of a respectable poorhouse. These counties also appear to be paying altogether too much for rights of way. Some plan should be worked out by which rights of way could be purchased at reasonable prices.

If the debts of these counties are to be reduced or if taxes are to be lowered, additional changes beyond those required to bring costs within revenues will be needed. There are four possibilities: (1) Capital expenditures (not maintenance expenditures) for highways might be discontinued for the time being. (2) The State might pay part or all of the interest and principal of the county road and bridge bonds. (3) Either tap new sources of tax revenue or change the method of disbursing taxes which are already being collected. (4) As total taxable property values are increased either by improved economic conditions or by improvements in assessments, revenues will increase without any increase in the tax rate.

The foregoing suggestions pertain to balancing county budgets. Three additional suggestions are offered—one, a new method of paying county officials and two suggestions which relate to the county school system.

- (16) Turn into the county treasury all fees now paid to county officials and place all county officials on salaries.

Fees now paid to county officials for rendering certain services to the public, such as recording deeds and mortgages, issuing licenses, etc., probably amount to \$5,000 annually in Crittenden County and \$3,500 in Livingston County. The cost of these services is not ordinarily regarded by citizens of these counties as a governmental cost. Many local citizens believe that each county office is virtually the private property of the one who holds it; and that, as long as the laws regarding fees are

complied with, the office should be run so as to net the maximum profit to the incumbent.

Under the proposed change, each person receiving services for which fees are charged, would be required to pay the fee to the county treasurer and take a receipt (evidence that the legal fee has been paid) to the official whose services are needed. The net savings in cost of county government as a result of abolishing the fee system of paying officials are difficult to estimate. It is certain that this change could be made at no increased governmental cost. Other advantages are sufficiently important to justify its adoption even if no financial saving resulted. This change would introduce three major improvements. First, it would remove much of the existing uncertainty regarding the income of such officials and, by reason of greater certainty, should make these places more attractive to competent candidates. Second, it would change the present belief of many people that each separate act of a fee official should be specifically remunerated, to the understanding that all the work devolving upon the office is to be performed for the salary received. Third, as a result of a better collection system, the gross income for fee services rendered is likely to be larger.

- (17) **Combine Crittenden and Livingston Counties into a single unit for rural school administration, and employ one superintendent and one supervising teacher to serve the entire area.**

For less money than is now paid in salaries to the two county superintendents, one superintendent and a supervising teacher could be employed for the combined area. A saving of \$500 could be effected by this arrangement. Such a change would improve the quality of instruction in rural schools, and would at least maintain the quality of administration by the superintendent.

- (18) **In Livingston County, discontinue the high schools at Tiline and Lola, also Hampton (when gravel road is completed), and transport the pupils to Smithland and Salem.**

By consolidating these high schools, the pupils would receive improved instruction in better buildings, and school costs would be reduced \$1,500 to \$2,000. An important cause of in-

creasing school costs during recent years was the taking over of five relatively small independent high schools by the county. At this time, there appears to be little opportunity for reducing high school costs in Crittenden County by consolidation.

Emergency Measures. A number of suggestions that have been offered can be put into effect by county officials without any changes in laws, but the more sweeping ones require either constitutional amendments or new legislation. Because county officials have been elected recently for four-year terms, many of the foregoing suggestions cannot be made effective during this period. In the meantime, the new officials will find it difficult to balance the budgets of these counties under existing laws. At least as a temporary expedient the present financial condition might be improved by legislation providing that:

- a. The State meet interest and principal payments on county road and bridge bonds out of revenue derived from sources other than the general property tax.¹¹
- b. Counties be permitted to use the present special road and bridge levy for general purposes, but be required to keep intact present sinking funds accumulated from this levy.
- c. Each county accepting this state aid be required to centralize all spending authority in the hands of the county judge, under a budget adopted by the fiscal court and approved and supervised by an appropriate state authority.¹²

This legislation should not be used as a means of reducing local tax rates while county expenditures exceed revenues. If adopted and wisely administered, it would enable Crittenden and Livingston Counties to balance their budgets. If accompanied by the reorganization of county government as suggested, it would ultimately enable these counties to reduce their floating debts and local tax burdens.

In the foregoing discussion, apparently little attention was given to the quantity and quality of services rendered to the citizens by their county and school officials. This omission was for three reasons. First, because of the small sums of money

¹¹ The Gross Receipts Tax Law enacted at the special session of the 1934 State Legislature specifically provides that one-third of the taxes realized (estimated at from \$3,000,000 to \$5,000,000 annually) shall be used for this purpose.

¹² This has been done largely by the adoption of the Uniform County Budget Law. (See footnote 9.)

placed at the disposal of these officials, it seemed to the field workers that under the existing form of organization the taxpayers were getting a fair amount of service. Some exceptions to this were pointed out, and several suggestions were offered for improving the quality and quantity of certain services without increasing the expense involved. Second, in view of the existing financial situation in both counties the most pressing need seemed to be that of bringing current expenditures within current revenues. Finally, there must be new sources of revenue or a shifting of present emphasis in the support of local governmental services, if counties such as these are to provide the new services that are being constantly demanded.

Many counties thruout the United States are finding it advisable to expand and modernize selected functions of local government. Improved public health service, free textbooks in public schools,¹³ libraries, well-planned county highway systems, adult education, including the employment of county farm and home demonstration agents, and the like are being increasingly recognized as necessary functions of county governments. It is doubtful, however, if marked expansion of services such as the foregoing can be provided at local expense in areas handicapped by as limited tax bases as shown in the present study. Consolidating two or more such counties would not help materially, since the cost of maintaining at least some of these improvements increases in proportion to the enlargement of the area or population. If some of the counties to be consolidated were much wealthier than others, it might be possible to provide additional services at reasonable increases in taxes thruout the entire area. But as for financing new services out of their own resources, residents in financially handicapped counties will either have to agree to substantially higher taxes or else make the best of a very limited amount of road improvements, relatively poor schools staffed by underpaid teachers, and a bare minimum of other tax-supported services. The only remaining alternative is state and federal aid, which will inevitably and justly demand an increasing measure of control over the way in

¹³ Funds have been provided by the State to supply free textbooks to all school children in the first three grades. The amount of these funds has this year, 1934, permitted partially supplying free textbooks for the fourth grade also.

which such funds are spent, with a corresponding decrease in local self-government.

The preceding paragraphs may appear to predict a gloomy future for local government in counties severely handicapped by low taxable wealth. Yet, serious as it is, this situation is not without its bright side. In such counties as these, where the duties of most of the offices do not require full-time attention of able people, there is an excellent opportunity for public-spirited citizens to seek such offices as a means of rendering competent and efficient service to their counties. A few instances of this kind were noted in the present survey. Full-time service of these men could not be obtained at rates of compensation permitted by existing revenues, but part-time service might afford one solution to the difficulty. A person seeking as his sole source of livelihood a public office which carries only a small remuneration may be very incompetent, and, as a result, cost the taxpayers far more than the amount of his pay. At least the more important public offices should not be viewed as opportunities for otherwise unemployable persons to make a living. Intelligent citizens should consider such angles as these when they go to the polls.

Government is neither better nor worse than the citizens make it. Many constitutional and statutory changes intended to help local areas out of their difficulties can be more or less completely nullified unless the citizens demand and obtain the full cooperation of their officials to accomplish what was intended by these changes. Good county government can be established and maintained only if the citizens, in an organized and intelligent manner, elect competent men to office, make their desires known, and work wholeheartedly with their officials to achieve good local self-government.

